

2017 APR 20 PM 3:57

MEMORANDUM

To: Mayor Libby Schaaf
Council President Larry Reid and Members of the City Council

From: Townsend Public Affairs, Inc.

Date: April 19, 2017

Subject: Ongoing update of the 2017-2018 State & Federal Budgets

As we reported on the morning of January 10th, the Governor released his proposed budget for the 2017-18 Fiscal Year. The proposed budget anticipates that the overall state economy, which has been growing steadily for the last several years, will grow at a much slower pace in the upcoming year. According to the Administration's forecast, if corrective action is not taken, the FY 2017-18 budget would have a \$1.6 billion budget deficit, as well as deficits of \$1 to \$2 billion in the following three budgets. Overall, the Governor's January Budget proposes General Fund spending of \$122.5 billion in FY 2017-18, which is \$200 million lower than FY 2016-17.

Over the last two months we provided detailed assessments of the State Budget and will happily address any questions or comments the City may have.

The Legislature is in the middle of policy committee hearings that will continue through the end of April (they just returned from Spring Recess). TPA provided the City with timely and ongoing updates on SB1 (Beall), called the Road Repair and Accountability Act of 2017, which will provide \$5.2 billion annually and was recently sent to the Governor for signature. Below is a succinct summary of the bill; attachments have been provided that provide further analysis and funding estimates by jurisdiction.

Revenues (Approximate)

- \$1.8 billion from a 12-cent increase to the gasoline excise tax and annual adjustments to the current base gas tax and increase for inflation (effective November 1, 2017).
- \$1.1 billion from ending the Board of Equalization (BOE) "true up" and resetting the rate to the historical average of 17.3 cents per gallon, adjusted annually for inflation (effective July 1, 2019).
- \$1.6 billion from a transportation improvement fee collected through vehicle registration, adjusted annually for inflation (effective Spring 2018). This new fee would be used for the research, planning, construction, improvement, maintenance, and operation of public streets and highways. The amount of the fee will be based on the market value of the vehicle: Under \$5,000 will be \$25; \$5,000 to \$24,999 will be \$50; \$25,000 to \$34,999 will



be \$100; \$35,000 to \$59,999 will be \$150; and over \$60,000 will be \$175. The fee will be adjusted for inflation beginning July 1, 2020.

- \$600 million from a 20 cent per gallon increase to the diesel excise tax, adjusted annually for inflation (effective November 1, 2017).
- \$300 million from a 4 percent increase to the diesel sales tax (effective November 1, 2017). The funds generated through the additional 4 percent increase to the diesel sales tax. The State Transit Assistance Program would receive revenues from a 3.5 percent increase, and the remaining would go to intercity rail and commuter rail purposes.
- \$20 million from new \$100-dollar Vehicle Registration Fee on zero emission vehicles model year 2020 and later, adjusted annually for inflation (effective July 1, 2020).
- \$706 million from Loan Repayments. \$706 million one-time funds for transportation loan repayments which will be repaid proportionately and in equal installments over three years.

Allocations

Revenues generated from these proposals will provide the following projected annual allocations:

- State Highway System - \$1.5 billion annually for maintenance and rehabilitation of the state highway system (continuous appropriation).
- Local Streets and Roads – \$1.5 billion annually for maintenance and rehabilitation of local streets and roads (continuous appropriation).
- State Local Partnership Program – \$200 million for the State-Local-Partnership Program for existing and aspiring self-help jurisdictions. Guidelines will be developed by the CTC by January 1, 2018.
- Active Transportation Projects – \$100 million annually for active transportation projects (upon appropriation by the Legislature).
- Public Transportation – \$750 million to improve transit operations and capital improvements.
- Local Transportation Planning Grants – \$25 million for planning grants to further state goals including goals and best practices included in regional transportation guidelines (upon appropriation by the legislature), allocated by CalTrans.
- Freight, trade corridors, and goods movement – \$300 million annually for freight, trade corridors, and goods movement through the newly created Trade Corridor Enhancement Account (upon appropriation by the legislature). Projects will be nominated by local agencies and the state.
- Congested Communities – \$250 million annually to reduce congestion in major commute corridors through the newly created Solutions for Congested Corridors Program. Funds will be allocated by the CTC to projects designed to achieve a balanced set of transportation, environmental, and community access improvements within highly congested travel corridors.
- Bridges and Culverts – \$400 million for bridge and culvert repair (upon appropriation by the Legislature).
- State Transportation Improvement Program – Restoration of \$1.1 billion annually for capital projects and improvement on the state’s highway system.
- Transit and Intercity Rail – \$27.5 million annually for transit and intercity rail capital projects and operations.
- Freeway Service Patrol – \$25 million to support the Freeway Service Patrol (upon appropriation by the legislature).

- California State University and University of California – \$7 million for transportation research and workforce training (upon appropriation by the Legislature).
- Pre-apprenticeship Programs – \$5 million annually for five years to assist local agencies to implement policies to promote pre-apprenticeship training programs.

Now that the transportation proposal has been successfully voted out of the Legislature, the focus can return to the State Budget. One of the next significant dates coming up is the release of the Governor's May Revision of his budget proposal. We are expecting this release to occur the week of May 8 and start the final 5- 6 weeks of budget negotiations with the Legislature.

Starting this week, the sub committees in both the Senate and Assembly are meeting with more frequency. They are currently discussing items in the January Budget and related policy topics. The Assembly and Senate Budget committees will conduct informational hearings where the Department of Finance will provide an overview of the proposed budget. Afterwards, the Assembly and Senate Budget Sub-committees will hold a series of hearings over the coming weeks to evaluate specific proposals within the budget. Some of the key policy topics include the extension of the Cap and Trade program, federal funding for K 12 education and the state's role, the Governor's Criminal Fine and Fee proposals, implementation of Prop 57, the Medi-Cal Budget and the Governor's Cannabis proposal.

As more information becomes available and pertinent topics discussed, we will inform the City immediately.

Federal Uncertainties – The Governor's Budget acknowledges that there are numerous uncertainties that accompany the change in Administration in Washington DC. These uncertainties could have a significant impact on California and the State budget. For example, the FY 2017-18 budget contains \$800 million for the State's portion of Medi-Cal expansion from the Affordable Care Act. This \$800 million assumes that the federal government will continue to provide a 95% funding level, as was set forth in the ACA. Should Congress act in a way that modifies the funding provisions of the ACA, then California could be responsible for a significantly higher level of funding. The Governor's budget acknowledges these federal uncertainties, but does not include specific provisions to deal with these uncertainties. Instead, Governor Brown has indicated that he will wait until the May Revision to evaluate what actions, if any, have been taken in Washington DC, and how those may impact the State budget.

Federal Budget & Appropriations Overview

- At the federal level, the **budget** is a non-binding, broad outline of spending that is recommended but not required, which is followed by appropriations bills that fund all federal government agencies.
- **Appropriations bills**, which fund the federal government, are traditionally adopted in twelve individual bills pertaining to the various federal departments and agencies. These bills may also advance in the form of a:
 - **Continuing Resolution (CR):** Extension of federal funding for a set amount of time at the same level as previously negotiated
 - **Omnibus:** Full-year funding, all in one bill
 - **Minibus:** Full-year funding, but for several departments at a time
 - **CRomnibus:** Combination CR and omnibus, which negotiates new funding levels for some areas of government and simply extends federal funding at same levels for other areas of government
- In a typical legislative year, Congress begins crafting their annual funding bills after the president submits his proposal in February, followed by appropriation committee hearings in early spring, appropriation bill mark-ups in late spring, floor debate and passage in summer, conference committee negotiations in early fall and final approval by the House and Senate before the September 30 end of the fiscal year.
- However, for the past several years, Congress has been unable to pass all twelve bills in time, and has relied in a series of CRs or omnibus bills.
- An omnibus (and sometimes minibuses) can be unwieldy and under-scrutinized compared to the individual twelve bills, but ultimately, they fund the government in the same way individual appropriation bills would.

Federal Budget

Fiscal Year 2017 Budget Resolution: Now that the Affordable Care Act (ACA) repeal has stalled, the Fiscal Year 2017 Budget Resolution, which had been planned as the vehicle for a health care repeal, is also in limbo with no immediate plans for passage.

Fiscal Year 2018 Budget: On March 16, President Trump released his proposed Fiscal Year 2018 budget, which includes significant cuts to many domestic programs while increasing spending for the military, veterans and border security.

The proposal served as an unofficial “starting point” for the Congressional budget and appropriations process, which will play out over the next six months. While President Trump will use the bully pulpit to push his “America first” priorities, Congress will ultimately decide spending levels and can be expected to resist many of the cuts proposed in this budget. In fact, the cuts proposed were so draconian that many Republicans declared it “dead on arrival.”

The President’s budget proposal is not as detailed as years past, and is what the administration is calling a “skinny budget,” outlining the general direction and priorities of the Trump administration. The Office of Management and Budget has stated that the administration intends to release a full budget in May containing the administration’s plan for programs like Medicare and Social Security. It will also contain 10-year projections for taxes and spending.

As proposed, the President's budget would violate the Budget Control Act of 2011, the agreement between President Barack Obama and the Republican Congress to constrain federal spending to agreed-upon "sequestration caps" or trigger across the board federal spending cuts. Consequently, should Congress pursue spending increases sought by President Trump, they would be forced to further reduce other spending or modify the current sequestration rules.

As previously discussed, the latest available information on proposed FY18 cuts is as follows. An update to the amounts and cuts will be available after the full President's budget proposal is released in May.

AGRICULTURE – \$4.7 billion decrease (-21% change)

- **Food program cuts:**
 - Eliminates the \$200 million McGovern-Dole International Food for Education program
 - Cuts Women, Infants and Children (WIC) nutrition assistance by \$200 million
- **Water:** Eliminates the \$498 million Water and Wastewater loan and grant program
- **Rural Business and Cooperative Service:** Cuts \$95 million from the Rural Business and Cooperative Service
- **Staff:** Unspecified staff reductions at USDA service center agencies around the country

ARTS AND CULTURAL AGENCIES – \$1.0 billion decrease (-100% change)

- **NEA:** Eliminates all \$148 million for the National Endowment for the Arts and all \$148 million for the National Endowment for the Humanities
- **IMLS:** Eliminates the \$230 million Institute of Museum and Library Services
- **CPB, PBS, NPR:** Eliminates the \$445 million for the Corporation for Public Broadcasting, which supports public television and radio, including PBS and NPR

COMMERCE – \$1.4 billion decrease (-16% change)

- **Coastal research:** Cuts \$250 million from coastal research programs that ready communities for rising seas and worsening storms
- **Sea Grant:** Eliminates the \$73 million Sea Grant program, which operates in conjunction with universities in 33 states
- **EDA:** Eliminates the Economic Development Administration, which gives out grants in struggling communities
- **Manufacturing Extension Partnership:** Cuts \$124 million from the Manufacturing Extension Partnership

EDUCATION – \$9.2 billion decrease (-14% change)

- **K-12:** Cuts \$3.7 billion in grants for teacher training, after-school and summer programs, and aid programs to first-generation and low-income students, including
 - Eliminating the \$2.4 billion Supporting Effective Instruction State Grants program
 - Eliminating the \$1.2 billion 21st Century Community Learning Centers program
 - Cuts to TRIO programs
 - Cuts to GEAR UP programs
- **Higher education student aid:**
 - Maintains Pell Grant funding but cancels \$3.9 billion of unobligated carryover funding
 - Cuts federal work-study aid to college students by \$733 million (Federal Supplemental Educational Opportunity Grant program)
- **Charter and private schools:**
 - Increases charter school funding by \$168 million
 - Creates new \$250 million private-school choice program

- Spends \$1 billion to encourage districts to allow federal dollars meant for low-income students to follow those students to the public school of their choice

ENERGY – \$1.7 billion decrease (-6% change)

- **Nuclear fuel:** Gives the Yucca Mountain project \$120 million to restart licensing operations
- **Programs eliminated:** Eliminates the Energy Star, Weatherization Assistance Program, ARPA-E, Advanced Technology Vehicle Manufacturing Program, and Title 17 loan guarantees
- **Deep cuts:** Cuts \$900 million from the Office of Science

ENVIRONMENTAL PROTECTION AGENCY – \$2.5 billion decrease (-31% change)

- **Brownfields:** Cuts funding for the Superfund cleanup program by \$330 million, or 30% (Administrator Pruitt recently called this program “absolutely essential”)
- **Drinking/waste water:** Prioritizes drinking water and wastewater infrastructure projects.
- **State Revolving Funds:** \$2.3 billion for the State Revolving Funds, a \$4 million increase over the 2017 annualized CR level
- **WIFIA:** \$20 million for the Water Infrastructure Finance and Innovation Act program, equal to the funding provided in the 2017 annualized CR
- **Geographic-specific programs:** Eliminates funding for specific regional efforts such as the San Francisco Bay protection and restoration, Great Lakes Restoration Initiative, the Chesapeake Bay, and other geographic programs
- **Program eliminations:** Eliminates more than 50 programs, including Energy Star, Targeted Airshed Grants, Endocrine Disruptor Screening Program, Clean Power Plan, international climate change programs, climate change research and partnership programs (a full list of eliminated programs is not available yet)
- **Jobs:** Eliminates 3,200 jobs

HEALTH AND HUMAN SERVICES – \$15.1 billion decrease (18% change)

- **NIH:** Decreases funding for the National Institutes of Health by \$5.8 billion and cuts \$403 million from certain programs to train health professionals and nurses
- **Opioids:** Increases funding for efforts to prevent and treat opioid addictions by \$500 million

HOMELAND SECURITY – \$2.8 billion increase (+7% change)

- **FEMA:**
 - Eliminates or reduces FEMA grant funding by \$667 million for programs without Congressional authorization or with similar grants elsewhere, not including disaster recovery grants.
 - Proposes a 25% non-federal cost match for all FEMA grants.
 - Cuts \$667 million from grant programs to state and local agencies, including pre-disaster mitigation grants and counterterrorism funding
- **TSA:**
 - Eliminates some TSA screening programs, including Visible Intermodal Prevention and Response Program, resulting in a \$80 million cut
 - Proposes raising the TSA Passenger Security Fee, currently \$5.60 for a passenger flying out of a U.S. airport (does not specify by how much)
- **Border wall:** Increases funding for border wall (totaling \$2.6 billion)
- **New agents:** Increases spending to \$314 million for border and immigration enforcement, including 500 new Border Patrol agents, and 1,000 new Immigration and Customs Enforcement agents.
- **Deportation:** Proposes an additional \$1.5 billion for expanded detention, transportation, and removal of undocumented immigrants
- **Floods:** Eliminates the National Flood Insurance Program (NFIP)'s \$190 million Flood Hazard Mapping Program

HOUSING AND URBAN DEVELOPMENT – \$6.2 billion decrease (-13% change)

- **CDBG:** Eliminates the Community Development Block Program (\$3 billion)
- **Lead reduction:** Increases funding for lead-hazard reduction by \$20 million (from \$110 million to \$130 million)
- **USICH:** Eliminates U.S. Interagency Council on Homelessness
- **Programs cut:**
 - Eliminates the HOME Investment Partnerships Program
 - Eliminates the Choice Neighborhoods program
 - Eliminates to Self-help Homeownership Opportunity Program
 - Eliminates the \$35 million of funding for Section 4 Community Development and Affordable Housing

INTERIOR – \$1.5 billion decrease (-12% change)

- **Wildfires:** Provides full 10-year rolling average of suppression expenditures (likely a slight increase)
- **Water:** Provides \$1 billion for safe, reliable, and efficient management of water resources throughout the western United States
- **National Historic Sites:** Eliminates funding for 49 National Historic Sites (budget synopsis was not clear about whether that includes National Historic Parks)
- **Land acquisition:** Decreases funding for land acquisition by \$120 million

JUSTICE – \$1.1 billion decrease (-4% change)

- **Reimbursement for incarcerating undocumented immigrants:** Cuts funding to reimburse state and local governments for costs of incarcerating certain undocumented immigrants
- **Immigration legal proceedings:** Adds \$80 million to adjudicate immigrant removal proceedings and hire more attorneys
- **Prisons:** Cuts almost \$1 billion of funding for federal prison construction
- **Crime:** Adds \$249 million of funding for the FBI, largely aimed at counterterrorism, cyber threats, more timely firearms purchase background checks and more crime data

LABOR – \$2.6 billion decrease (-21% change)

- **SCSEP:** Eliminates the Senior Community Service Employment Program, which helps low-income seniors find work (\$434 million)
- **Training:** Eliminates grants that help nonprofit groups and public agencies pay for safety and health training
- **Unemployment:** Expands Reemployment and Eligibility Assessments, which aims to reduce improper payments made to people receiving unemployment benefits

TRANSPORTATION – \$2.4 billion decrease (-13% change)

- **TIGER:** Cuts \$499 million from the TIGER grant program
- **Air traffic control:** Begins the process to shift air traffic control outside the government (privatization)
- **Rural airports:** Eliminates \$175 million in subsidies for commercial flights to rural airports
- **New projects:** Eliminates funding for many new transit projects and support for long-distance Amtrak trains

While April 15 is traditionally the deadline for Congress to pass its annual budget resolution, there is no penalty for failing to do so. Senate Majority Leader Mitch McConnell stated that he is hoping to pass a FY18 budget resolution by August, and hopes to use reconciliation measures this year to pass tax reform.

Federal Appropriations

Overview: The federal government is currently operating under a continuing resolution (CR) that funds all government programs at the same levels as FY2016 funding until the end of April. Congress will have to pass appropriations bills (or another CR) by April 28, 2017 to keep the government funded through the end of the federal fiscal year, September 30, 2017. While Congress will have only four days after they return from their spring recess to complete the bill before the deadline, appropriators have revealed little about the FY 2017 spending plan except to discourage changes to existing spending levels.

Fiscal Year 2017 Appropriations: Funding for the remainder of FY17 will likely take the form of a Continuing Resolution (CR)-Omnibus hybrid, colloquially referred to as a "CRomnibus." A CRomnibus allows members to renegotiate funding levels for the areas of government where both parties can find consensus, while extending the funding for more controversial areas at current levels. This CRomnibus would feature a limited number of anomalies, or funding level changes. Departments will have to work with OMB and appropriators to figure out what anomalies are viable and permitted, but we do not currently expect change for most areas. Some Departments have confirmed that they have received no direction from OMB.

Failure to enact the spending bill by April 28, which coincides with the new administration's 100th day in office, would result in a government shutdown. Both Senate Majority Leader Mitch McConnell and House Speaker Paul Ryan have promised that will not happen. To avoid this, Congress could pass a short-term continuing resolution, but would be viewed as another failure of House and Senate leadership.

Border security funding, specifically funding for the border wall, has complicated matters. President Trump is seeking \$1.4 billion to launch efforts on the wall this year, fulfilling a campaign promise at least in part. Democrats and some border state Republicans have concerns about how the wall would be paid for and constructed, much of which centers around property rights and eminent domain. In order to avoid this, Republicans have proposed a separate bill to fund the border wall and an increase in defense spending, thus removing the funding pools from the debate over overall government funding and lessening the risk of a shutdown.

Sanctuary Cities: The latest skirmish on FY17 appropriations that threatens to derail efforts to complete the bill in time is a new push by Mick Mulvaney, Director of the White House Office of Management and Budget, to urge leadership and appropriators to include language to restrict funding for sanctuary cities.

The effort is seen as a play to court the House Freedom Caucus' support and to show progress on President Trump's agenda. Republican leadership and appropriators are resisting including language out of concern that Senate Democrats will not vote for cloture (8 Democrats are needed), making it impossible to pass the bill.

With upcoming special elections to replace five House seats vacant due to Trump appointments, and a surprisingly strong showing by Democrats in a safe red district's special election last week, House and Senate leaders are highly motivated to get the bill done by the deadline and delay the more complicated matters to the FY18 bill.

Fiscal Year 18 Appropriations: The FY18 appropriations bills are in the process of being written; members of Congress have not yet submitted their appropriations priorities to most of the relevant subcommittees. Hearings to discuss funding levels and inform the drafting of appropriations bills will likely begin in May or June, depending on when OMB releases the administration's full budget proposal.

Looking Ahead: Given the late start to the annual appropriations process, it is likely that floor action on FY18 appropriations bills may not happen until well into the summer months. Leadership will be under pressure to ensure all spending bills are approved by the August recess in order to allow for them to be conferenced over the month-long break and sent to the President in time for his signature before the September 30th end of the fiscal year.

Despite the delays and chaotic nature of both the FY17 and FY18 budget and appropriations process, the potential for government shutdowns due to partisan impasses that plagued previous congresses is unlikely during the 115th Congress.

With Republican control of the House and Senate, as well as the White House, adoption of continuing resolutions, when necessary, should be relatively routine. Insertion of controversial provisions into spending proposals risks Senate Democrats stonewalling the bill, which could trigger a government shutdown that Republicans would be blamed for. Nevertheless, Freedom Caucus members will be tempted and other Republicans will be pressured to take advantage of their majority status to pursue long-sought policy changes and spending cuts that would have resulted in a veto under the Obama administration.



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\$5.2 Billion Transportation Funding Deal Announced, includes \$1.5 Billion for Local Streets and Roads

On Wednesday, March 29, 2017, a transportation funding agreement was announced by Gov. Jerry Brown, Senate President pro Tem Kevin de León (D-Los Angeles) and Assembly Speaker Anthony Rendon (D-Lakewood) representing the hard work of Sen. Jim Beall (D-San Jose) and Assembly Member Jim Frazier (D-Oakley), who have championed the need to provide new investment in the transportation system as chairs of their respective houses' transportation committees. The agreement, officially called The Road Repair and Accountability Act of 2017, will provide \$5.2 billion annually and is a significant investment in California's transportation infrastructure. When approved, the agreement will provide \$15 billion for local streets and roads over the next ten years.

The agreement is reflected in SB 1 (Beall), which contains the specific provisions, and ACA 12 (Frazier), a constitutional amendment to protect the funds from being diverted or used for other purposes.

A vote is expected the week of April 3.

CalTrans has released a [funding analysis](#) of the package that includes ten-year estimates of local streets and roads revenues.

Reforms

- **Gives the California Transportation Commission (CTC) additional oversight authority over the State Highway Operation and Protection Program (SHOPP).** CalTrans will be required to submit additional information on the proposed capital and support budget for projects included in the SHOPP to the CTC for approval. CTC will be required to allocate capital outlay support resources by project phase. As part of the CTC's review of the proposed program, they must hold at least one hearing in southern California and one hearing in northern California. In addition, CalTrans will be required to receive approval from the CTC for increases in capital or support costs above the initially approved allocation (CTC will be able to establish guidelines to determine when the additional approval is not necessary in order to avoid unnecessary delays in project delivery).
- **Requires transparency from local agencies on what projects they fund with new revenues.** Cities and counties are required to submit a list to the CTC, before and after expenditure, of the projects proposed to be funded. The list must be adopted as part of the jurisdictions' budget and include a description and location of the project, a proposed schedule of completion, and the estimated useful life of the project. Likewise, transit agencies will be required to submit to CalTrans a similar list of projects proposed to be funded and projects completed through the State Transit Assistance Program. These lists must be submitted in order to receive funds, but can be changed to adapt to local needs as long as the changes are consistent with other requirements of the bill.

- **Creates Independent Office of Audits and Investigations at CalTrans.** Its role will be to ensure that state and external entities that receive state and federal transportation funds are operating efficiently, effectively, economically, and in compliance with applicable federal and state requirements. External agencies include (but are not limited to) private for profit and nonprofit organizations, local transportation agencies, and other local agencies that receive transportation funds either through a contract with the department or through an agreement or grant administered by the department. The director of the office, who will have the title of Inspector General, will serve a six-year term and be appointed by the Governor with Senate confirmation.
- **Creates an Advanced Mitigation Program for transportation projects.** The bill creates the Advance Mitigation Program to enhance communications between CalTrans and stakeholders to protect natural resources through project mitigation, to meet or exceed applicable environmental requirements, to accelerate project delivery, and to fully mitigate environmental impacts from transportation infrastructure projects. CalTrans is required to consult with the Department of Fish and Wildlife on activities. CalTrans will be required to set aside at least \$30 million annually for four years from the State Transportation Improvement Program (STIP) and SHOPP to fund the program.
- **Requires “complete streets” to be included in the Highway Design Manual.** The bill requires CalTrans to update the Highway Design Manual to include the “complete streets” design concept (emphasizes safety and access for all users, including pedestrians and bicycles) no later than January 1, 2018.
- **Requires CalTrans to double the dollar value of its contracts awarded to small businesses.** CalTrans is required to develop a plan increases by up to 100 percent the dollar value of contracts and procurements awarded to small businesses, disadvantaged business enterprises, and disabled veterans business enterprises. Outreach must also target minority and women business enterprises. The plan must be developed by January 1, 2020.
- **CalTrans Efficiency Measures.** CalTrans is required to implement efficiency measure with the goal to generate at least \$100 million annually in savings, and must report these savings to the CTC.

Revenues (Approximate)

- **\$1.8 billion from a 12 cent increase to the gasoline excise tax and annual adjustments to the current base gas tax and increase for inflation (effective November 1, 2017).** The revenue generated from this particular increase would help restore the gas tax’ lost purchasing power due to inflation. The funds attributable to the 12-cent increase would be transferred to the newly created Road Maintenance and Rehabilitation Account (RMRA) for distribution. The first adjustment for inflation is scheduled for July 1, 2020.
- **\$1.1 billion from ending the Board of Equalization (BOE) “true up” and resetting the rate to the historical average of 17.3 cents per gallon, adjusted annually for inflation (effective July 1, 2019).** This provision would “reset” the priced based excise tax on gasoline to its original rate of 17.3 cents. The first adjustment for inflation is scheduled for July 1, 2020.

- **\$1.6 billion from a transportation improvement fee, adjusted annual for inflation (effective Spring 2018).** This new fee would be used for the research, planning, construction, improvement, maintenance, and operation of public streets and highways (and related facilities to support nonmotorized traffic). It will be collected with the existing vehicle registration fees. The amount of the fee will be based on the market value of the vehicle:

Car Value	Amount Paid
Under \$5,000	\$25
\$5,000-\$24,999	\$50
\$25,000-\$34,999	\$100
\$35,000-\$59,999	\$150
Over \$60,000	\$175

The fee will be adjusted for inflation beginning July 1, 2020.

- **\$600 million from a 20 cent per gallon increase to the diesel excise tax, adjusted annually for inflation (effective November 1, 2017).** Fifty percent of the funds attributable to the 20 cent increase to the diesel excise tax would be transferred to the Trade Corridors Improvement Fund (TCIF). The remaining 50 percent would go to the newly created RMRA. The first adjustment for inflation is scheduled for July 1, 2020.
- **\$300 million from a 4 percent increase to the diesel sales tax (effective November 1, 2017).** The funds generated through the additional 4 percent increase to the diesel sales tax. The State Transit Assistance Program would receive revenues from a 3.5 percent increase, and the remaining would go to intercity rail and commuter rail purposes.
- **\$20 million from new \$100 dollar Vehicle Registration Fee on zero emission vehicles model year 2020 and later, adjusted annually for inflation (effective July 1, 2020).** This provision will apply to new ZEV's sold after January 1, 2020 and help make up for the fact that owners of zero emission vehicles do not pay any gas tax to maintain the roads they drive on. Revenues would be deposited into the RMRA for distribution. The first adjustment for inflation is scheduled for January 1, 2021.
- **\$706 million from Loan Repayments.** \$706 million one-time funds for transportation loan repayments which will be repaid proportionately and in equal installments over three years. These funds were originally loaned from the Transportation Congestion Relief Program, which is being closed out (see Other Provisions section below).

Allocations

Revenues generated from these proposals will provide the following projected annual allocations:

- State Highway System - \$1.5 billion annually for maintenance and rehabilitation of the state highway system (continuous appropriation).
- Local Streets and Roads – \$1.5 billion annually for maintenance and rehabilitation of local streets and roads (continuous appropriation).
- State Local Partnership Program – \$200 million for the State-Local-Partnership Program for existing and aspiring self-help jurisdictions. Guidelines will be developed by the CTC by January 1, 2018.
- Active Transportation Projects – \$100 million annually for active transportation projects (upon appropriation by the Legislature).

- Public Transportation – \$750 million to improve transit operations and capital improvements.
- Local Transportation Planning Grants – \$25 million for planning grants to further state goals including goals and best practices included in regional transportation guidelines (upon appropriation by the legislature), allocated by CalTrans.
- Freight, trade corridors, and goods movement – \$300 million annually for freight, trade corridors, and goods movement through the newly created Trade Corridor Enhancement Account (upon appropriation by the legislature). Projects will be nominated by local agencies and the state.
- Congested Communities – \$250 million annually to reduce congestion in major commute corridors through the newly created Solutions for Congested Corridors Program. Funds will be allocated by the CTC to projects designed to achieve a balanced set of transportation, environmental, and community access improvements within highly congested travel corridors. Projects elements may include improvements to state highways, local streets and roads, transit facilities, bike/ped facilities, and protection of local habitat or open space. Projects may be nominated by the state or regional or county transportation agencies.
- Bridges and Culverts – \$400 million for bridge and culvert repair (upon appropriation by the Legislature).
- State Transportation Improvement Program – Restoration of \$1.1 billion annually for capital projects and improvement on the state’s highway system.
- Transit and Intercity Rail – \$27.5 million annually for transit and intercity rail capital projects and operations
- Freeway Service Patrol – \$25 million to support the Freeway Service Patrol (upon appropriation by the legislature).
- California State University and University of California – \$7 million for transportation research and workforce training (upon appropriation by the Legislature).
- Preapprenticeship Programs – \$5 million annually for five years to assist local agencies to implement policies to promote preapprenticeship training programs.
- Loan Repayments – The Department of Finance will set a repayment schedule which must conclude by June 30, 2020. The amount of loan repayments are as follows:
 - \$225 million allocated to local streets and roads using existing Section 2103 formulas;
 - \$256 million to the Public Transportation Account, of which up to \$20 million goes to local and regional agencies for climate change adaptation planning; and,
 - \$225 million to the State Highway Operation and Protection Program (SHOPP).

Additional Details on Local Streets and Roads and SHOPP Allocations

Funds made available from the Road Maintenance and Rehabilitation Account (which includes the Local Streets and Roads allocations) have several requirements cities should be aware of.

- **Eligible Uses.** Funds made available by the program can be used (1) to satisfy match requirements of a state or federal program or (2) for projects that include, but are not limited to, the following:
 - Road maintenance and rehabilitation.
 - Safety projects.
 - Railroad grade separations.
 - Complete street components, including active transportation purposes, pedestrian and bicycle safety projects, transit facilities, and drainage and stormwater capture projects in conjunction with any other allowable project.
 - Traffic control devices.

If a city's or county's pavement condition index meets or exceeds 80, they may use the funds for other transportation purposes (which is not defined).

- **Maintenance of Effort.** Cities and counties must maintain their existing commitment to transportation funding. The commitment must not be less than the average expenditures in 2009-10, 2010-11, and 2011-12 fiscal years.
- **Recycling Techniques.** To the extent possible and cost effective, and where feasible, agencies must use advanced technologies and material recycling techniques that reduce the cost of maintaining and rehabilitating the streets and highways, and that exhibit reduced levels of greenhouse gas emissions through material choice and construction method.
- **Advanced Automotive Technologies.** To the extent possible and cost effective, and where feasible, agencies must use advanced technologies and communications systems in transportation infrastructure that recognize and accommodate advanced automotive technologies that may include, but are not necessarily limited to, charging or fueling opportunities for zero-emission vehicles, and provision of infrastructure-to-vehicle communications for transitional or full autonomous vehicle systems.
- **Climate Change Adaptation.** To the extent deemed cost effective, and where feasible, in the context of both the project scope and the risk level for the asset due to global climate change, agencies must include features in the projects funded by the program to better adapt the asset to withstand the negative effects of climate change and make the asset more resilient to impacts such as fires, floods, and sea level rise.
- **Complete Streets.** To the extent beneficial, cost effective, and practicable in the context of facility type, right-of-way, project scope, and quality of nearby alternative facilities, and where feasible, agencies must incorporate complete street elements into projects funded by the program, including, but not limited to, elements that improve the quality of bicycle and pedestrian facilities and that improve safety for all users of transportation facilities.
- **Preapprenticeship Programs.** The California Workforce Development Board will develop guidelines for agencies receiving funds to participate in, invest in, or partner with new or existing preapprenticeship training programs. All agencies receiving funds must meet the guidelines by July 1, 2023. Grant recipients are required to outreach to various individuals who may be eligible to participate in preapprenticeship training programs.

Other Provisions

- **Closes out the Traffic Congestion Relief Program (TCRP).** All projects without an approved application as of June 30, 2017, for the TCRP will no longer be eligible for funding. Also repeals related provisions in law that authorized the use of tribal gaming compact revenues to partially repay \$1.2 billion in loans from the TCRP to the state's General Fund.
- **Establishes "safe harbor" timelines for allowable use of commercial vehicles.** Establishes timelines for the useful life of commercial vehicle (trucks) until the later of either (1) thirteen years after model year of the original certification of the engine and emission control system or (2) when the vehicle reaches 800,000 vehicle miles or 18 years after the model year of the original certification of the engine and emission control system. Legislative amendments added on April 3rd, clarify that this provision is intended to provide certainty on the useful life of engines certified for use in the state under California Air Resources Board (CARB) regulations, and states that it is not meant to otherwise restrict the authority of (CARB) or local air quality districts. CARB is required to evaluate the impact of this provision by January 1, 2025. This provision does not apply to safety programs, voluntary incentive and grant programs, inspection and maintenance program, or programs to address an imminent health risk.

- **Diesel-Fueled Vehicle compliance with Air Resources Board regulations.** Requires the Department of Motor Vehicles (DMV) to confirm compliance with Air Resources Board regulations for specified diesel-fueled vehicles.
- **Revises allocations for taxes paid for fuel used in off-highway vehicles.**
 - Revenues from the increased taxes derived from fuel for boats and other watercraft will be deposited in the State Parks and Recreation Fund. (Current revenues will continue to go to the Harbors and Watercraft Revolving Fund).
 - Revenues from fuel purchased for agricultural vehicles off-highway use will be deposited into the Department of Food and Agriculture Fund.
 - Revenues from fuel purchased for other off-highway vehicles will be deposited in the State Parks and Recreation Fund to be used for state parks, off-highway vehicle programs, or boating programs.

Updated 04/04/2017

NEW REGIONAL INVESTMENTS (In Millions)

Estimated Amounts Based on Historical Data

Region	Counties	SHOPP	Maintenance	Local Partnership
Northern California	Butte, Lassen, Shasta, Colusa, Mendocino, Sierra, Del Norte, Modoc, Siskiyou, Glenn, Nevada, Tehama, Humboldt, Plumas, Trinity, Lake, El Dorado, Sacramento, Yolo, Placer, Sutter, Yuba	\$3,730	\$270	\$110
Greater Bay Area	Alameda, Napa, Santa Clara, Contra Costa, San Francisco, Solano, Marin, San Mateo, Sonoma	\$2,515	\$200	\$590
Central Valley and Coast	Mono, Inyo, Madera, Fresno, Kings, Tulare, Kern, Merced, San Joaquin, Tuolumne, Mariposa, Alpine, Amador, Calaveras, Monterey, San Luis Obispo, Santa Cruz, San Benito, Santa Barbara	\$3,256	\$280	\$200
Greater Los Angeles Area	Los Angeles, Ventura	\$4,968	\$200	\$630
Inland Empire	San Bernardino, Riverside	\$2,260	\$120	\$310
Orange County	Orange County	\$741	\$50	\$200
San Diego	San Diego, Imperial	\$1,530	\$80	\$210
Total		\$19,000	\$1,200	\$2,250

Assumptions:

SHOPP Distribution based on 5 year history of SHOPP allocations

Maintenance Distribution based on 5 year history of Maintenance Program expenditures

Local Partnership Distribution based on Prop 1B SLPP program allocations

Program Amounts based on DOF 10-year spreadsheet for specified programs except for STIP which is based on the estimate amount specified in GB A-pages which will be adjusted based on adoption of 2018 Fund Estimate

Amounts rounded to avoid inference of certainty/precision

NEW CITY STREETS AND ROADS INVESTMENTS (In Millions)

Estimated Amounts Based on Historical Data

ADELANTO	\$7.67
AGOURA HILLS	\$4.85
ALAMEDA	\$18.14
ALBANY	\$4.32
ALHAMBRA	\$19.86
ALISO VIEJO	\$11.56
ALTURAS	\$0.65
AMADOR CITY	\$0.04
AMERICAN CANYON	\$4.66
ANAHEIM	\$81.95
ANDERSON	\$2.40
ANGELS	\$0.93
ANTIOCH	\$25.85
APPLE VALLEY	\$17.08
ARCADIA	\$13.06
ARCATA	\$4.16
ARROYO GRANDE	\$4.06
ARTESIA	\$3.86
ARVIN	\$4.80
ATASCADERO	\$7.07
ATHERTON	\$1.64
ATWATER	\$6.88
AUBURN	\$3.22
AVALON	\$0.85
AVENAL	\$3.55
AZUSA	\$11.32
BAKERSFIELD	\$86.75
BALDWIN PARK	\$17.25
BANNING	\$7.06
BARSTOW	\$5.57
BEAUMONT	\$10.32
BELL	\$8.40
BELL GARDENS	\$9.83
BELLFLOWER	\$17.53
BELMONT	\$6.37
BELVEDERE	\$0.49
BENICIA	\$6.29
BERKELEY	\$27.44
BEVERLY HILLS	\$7.95
BIG BEAR LAKE	\$1.15
BIGGS	\$0.43
BISHOP	\$0.91

NEW CITY STREETS AND ROADS INVESTMENTS (In Millions)
Estimated Amounts Based on Historical Data

BLUE LAKE	\$0.29
BLYTHE	\$4.76
BRADBURY	\$0.26
BRAWLEY	\$6.08
BREA	\$10.00
BRENTWOOD	\$13.45
BRISBANE	\$1.08
BUELLTON	\$1.13
BUENA PARK	\$19.07
BURBANK	\$24.05
BURLINGAME	\$6.80
CALABASAS	\$5.55
CALEXICO	\$9.20
CALIFORNIA CITY	\$3.23
CALIMESA	\$1.90
CALIPATRIA	\$1.76
CALISTOGA	\$1.19
CAMARILLO	\$16.00
CAMPBELL	\$9.74
CANYON LAKE	\$2.44
CAPITOLA	\$2.32
CARLSBAD	\$25.84
CARMEL-BY-THE-SEA	\$0.88
CARPINTERIA	\$3.19
CARSON	\$21.51
CATHEDRAL CITY	\$12.42
CERES	\$10.79
CERRITOS	\$11.31
CHICO	\$21.16
CHINO	\$19.66
CHINO HILLS	\$18.05
CHOWCHILLA	\$4.28
CHULA VISTA	\$60.66
CITRUS HEIGHTS	\$19.75
CLAREMONT	\$8.29
CLAYTON	\$2.57
CLEARLAKE	\$3.54
CLOVERDALE	\$2.02
CLOVIS	\$24.72
COACHELLA	\$10.39
COALINGA	\$4.14
COLFAX	\$0.47

NEW CITY STREETS AND ROADS INVESTMENTS (In Millions)

Estimated Amounts Based on Historical Data

COLMA	\$0.35
COLTON	\$12.21
COLUSA	\$1.45
COMMERCE	\$3.00
COMPTON	\$23.16
CONCORD	\$29.68
CORCORAN	\$5.68
CORNING	\$1.75
CORONA	\$37.68
CORONADO	\$5.77
CORTE MADERA	\$2.14
COSTA MESA	\$26.23
COTATI	\$1.66
COVINA	\$11.28
CRESCENT CITY	\$1.75
CUDAHY	\$5.63
CULVER CITY	\$9.26
CUPERTINO	\$13.34
CYPRESS	\$11.38
DALY CITY	\$24.97
DANA POINT	\$7.65
DANVILLE	\$9.81
DAVIS	\$15.63
DEL MAR	\$0.98
DEL REY OAKS	\$0.38
DELANO	\$12.14
DESERT HOT SPRINGS	\$6.65
DIAMOND BAR	\$13.06
DINUBA	\$5.64
DIXON	\$4.35
DORRIS	\$0.22
DOS PALOS	\$1.23
DOWNEY	\$26.13
DUARTE	\$5.07
DUBLIN	\$13.12
DUNSMUIR	\$0.38
EAST PALO ALTO	\$6.99
EASTVALE	\$14.45
EL CAJON	\$23.42
EL CENTRO	\$10.34
EL CERRITO	\$5.58
EL MONTE	\$26.06

NEW CITY STREETS AND ROADS INVESTMENTS (In Millions)

Estimated Amounts Based on Historical Data

El Paso de Robles (Paso Robles)	\$7.18
EL SEGUNDO	\$3.81
ELK GROVE	\$38.44
EMERYVILLE	\$2.68
ENCINITAS	\$14.17
ESCALON	\$1.63
ESCONDIDO	\$34.50
ETNA	\$0.17
EUREKA	\$6.22
EXETER	\$2.53
FAIRFAX	\$1.70
FAIRFIELD	\$25.78
FARMERSVILLE	\$2.55
FERNDALE	\$0.33
FILLMORE	\$3.55
FIREBAUGH	\$1.87
FOLSOM	\$17.68
FONTANA	\$48.03
FORT BRAGG	\$1.76
FORT JONES	\$0.16
FORTUNA	\$2.73
FOSTER CITY	\$7.60
FOUNTAIN VALLEY	\$12.98
FOWLER	\$1.36
FREMONT	\$52.48
FRESNO	\$119.10
FULLERTON	\$32.60
GALT	\$5.82
GARDEN GROVE	\$40.57
GARDENA	\$13.91
GILROY	\$12.62
GLENDALE	\$46.15
GLENDORA	\$11.98
GOLETA	\$7.15
GONZALES	\$1.94
GRAND TERRACE	\$2.82
GRASS VALLEY	\$2.96
GREENFIELD	\$3.99
GRIDLEY	\$1.51
GROVER BEACH	\$3.07
GUADALUPE	\$1.68
GUSTINE	\$1.34

NEW CITY STREETS AND ROADS INVESTMENTS (In Millions)
Estimated Amounts Based on Historical Data

HALF MOON BAY	\$2.87
HANFORD	\$12.78
HAWAIIAN GARDENS	\$3.42
HAWTHORNE	\$20.14
HAYWARD	\$36.38
HEALDSBURG	\$2.68
HEMET	\$18.32
HERCULES	\$5.67
HERMOSA BEACH	\$4.53
HESPERIA	\$21.33
HIDDEN HILLS	\$0.43
HIGHLAND	\$12.28
HILLSBOROUGH	\$2.67
HOLLISTER	\$8.35
HOLTVILLE	\$1.39
HUGHSON	\$1.64
HUNTINGTON BEACH	\$44.67
HUNTINGTON PARK	\$13.67
HURON	\$1.58
IMPERIAL	\$4.16
IMPERIAL BEACH	\$6.28
INDIAN WELLS	\$1.24
INDIO	\$20.15
INDUSTRY	\$0.10
INGLEWOOD	\$26.69
IONE	\$1.81
IRVINE	\$59.13
IRWINDALE	\$0.33
ISLETON	\$0.19
JACKSON	\$1.12
JURUPA VALLEY	\$22.47
KERMAN	\$3.29
KING CITY	\$3.25
KINGSBURG	\$2.77
La Cañada Flintridge	\$4.70
LA HABRA	\$14.20
LA HABRA HEIGHTS	\$1.25
LA MESA	\$13.73
LA MIRADA	\$11.36
LA PALMA	\$3.67
LA PUENTE	\$9.27
LA QUINTA	\$9.15

NEW CITY STREETS AND ROADS INVESTMENTS (In Millions)

Estimated Amounts Based on Historical Data

LA VERNE	\$7.60
LAFAYETTE	\$5.70
LAGUNA BEACH	\$5.40
LAGUNA HILLS	\$7.02
LAGUNA NIGUEL	\$15.14
LAGUNA WOODS	\$3.72
LAKE ELSINORE	\$13.96
LAKE FOREST	\$19.20
LAKEPORT	\$1.09
LAKESWOOD	\$18.32
LAMTA	\$0.00
LANCASTER	\$35.95
LARKSPUR	\$2.85
LATHROP	\$5.06
LAWNDALE	\$7.67
LEMON GROVE	\$6.09
LEMOORE	\$6.00
LINCOLN	\$10.83
LINDSAY	\$2.97
LIVE OAK	\$1.92
LIVERMORE	\$20.17
LIVINGSTON	\$3.17
LODI	\$14.47
LOMA LINDA	\$5.64
LOMITA	\$4.64
LOMPOC	\$10.10
LONG BEACH	\$110.98
LOOMIS	\$1.53
LOS ALAMITOS	\$2.69
LOS ALTOS	\$7.17
LOS ALTOS HILLS	\$1.98
LOS ANGELES	\$922.41
LOS BANOS	\$9.01
LOS GATOS	\$7.18
LOYALTON	\$0.18
LYNWOOD	\$16.59
MADERA	\$14.98
MALIBU	\$2.91
MAMMOTH LAKES	\$1.88
MANHATTAN BEACH	\$8.08
MANTECA	\$16.90
MARICOPA	\$0.26

NEW CITY STREETS AND ROADS INVESTMENTS (In Millions)
Estimated Amounts Based on Historical Data

MARINA	\$4.80
MARTINEZ	\$8.48
MARYSVILLE	\$2.76
MAYWOOD	\$6.46
MCFARLAND	\$3.35
MENDOTA	\$2.69
MENIFEE	\$20.37
MENLO PARK	\$7.75
MERCED	\$19.21
MILL VALLEY	\$3.41
MILLBRAE	\$5.29
MILPITAS	\$17.28
MISSION VIEJO	\$22.13
MODESTO	\$48.49
MONROVIA	\$8.59
MONTAGUE	\$0.33
MONTCLAIR	\$8.85
MONTE SERENO	\$0.80
MONTEBELLO	\$14.63
MONTEREY	\$6.55
MONTEREY PARK	\$14.04
MOORPARK	\$8.40
MORAGA	\$3.78
MORENO VALLEY	\$47.00
MORGAN HILL	\$9.99
MORRO BAY	\$2.45
MOUNTAIN VIEW	\$17.83
Mount SHASTA	\$0.78
MURRIETA	\$26.04
NAPA	\$18.44
NATIONAL CITY	\$13.91
NEEDLES	\$1.15
NEVADA CITY	\$0.75
NEWARK	\$10.24
NEWMAN	\$2.48
NEWPORT BEACH	\$19.49
NORCO	\$6.19
NORWALK	\$24.15
NOVATO	\$12.53
OAKDALE	\$5.11
OAKLAND	\$96.76
OAKLEY	\$9.19

NEW CITY STREETS AND ROADS INVESTMENTS (In Millions)

Estimated Amounts Based on Historical Data

OCEANSIDE	\$40.26
OJAI	\$1.71
ONTARIO	\$38.87
ORANGE	\$32.36
ORANGE COVE	\$2.11
ORINDA	\$4.29
ORLAND	\$1.76
OROVILLE	\$4.12
OXNARD	\$47.37
PACIFIC GROVE	\$3.51
PACIFICA	\$8.65
PALM DESERT	\$11.29
PALM SPRINGS	\$10.68
PALMDALE	\$36.63
PALO ALTO	\$15.61
PALOS VERDES ESTATES	\$3.14
PARADISE	\$6.00
PARAMOUNT	\$12.91
PARLIER	\$3.52
PASADENA	\$32.27
PATTERSON	\$5.17
PERRIS	\$16.87
PETALUMA	\$13.82
PICO RIVERA	\$14.71
PIEDMONT	\$2.57
PINOLE	\$4.29
PISMO BEACH	\$1.87
PITTSBURG	\$15.52
PLACENTIA	\$11.96
PLACERVILLE	\$2.45
PLEASANT HILL	\$7.80
PLEASANTON	\$17.16
PLYMOUTH	\$0.23
POINT ARENA	\$0.10
POMONA	\$35.61
PORT HUENEME	\$5.20
PORTERVILLE	\$13.75
PORTOLA	\$0.50
PORTOLA VALLEY	\$1.09
POWAY	\$11.47
RANCHO CORDOVA	\$16.52
RANCHO CUCAMONGA	\$40.10

NEW CITY STREETS AND ROADS INVESTMENTS (In Millions)

Estimated Amounts Based on Historical Data

RANCHO MIRAGE	\$4.14
RANCHO PALOS VERDES	\$9.85
RANCHO SANTA MARGARITA	\$11.10
RED BLUFF	\$3.22
REDDING	\$20.65
REDLANDS	\$15.73
REDONDO BEACH	\$15.90
REDWOOD CITY	\$19.68
REEDLEY	\$5.95
RIALTO	\$24.56
RICHMOND	\$25.26
RIDGECREST	\$6.42
RIO DELL	\$0.78
RIO VISTA	\$1.97
RIPON	\$3.37
RIVERBANK	\$5.47
RIVERSIDE	\$74.30
ROCKLIN	\$13.81
ROHNERT PARK	\$9.61
ROLLING HILLS ESTATES	\$1.85
ROSEMEAD	\$12.64
ROSEVILLE	\$30.68
ROSS	\$0.58
SACRAMENTO	\$111.14
SALINAS	\$36.85
SAN ANSELMO	\$2.94
SAN BERNARDINO	\$49.31
SAN BRUNO	\$10.38
San Buenaventura (Ventura)	\$24.84
SAN CARLOS	\$6.64
SAN CLEMENTE	\$15.16
SAN DIEGO	\$318.46
SAN DIMAS	\$7.81
SAN FERNANDO	\$5.61
SAN FRANCISCO	\$198.30
SAN GABRIEL	\$9.25
SAN JACINTO	\$10.91
SAN JOAQUIN	\$0.93
SAN JOSE	\$238.47
SAN JUAN BAUTISTA	\$0.43
SAN JUAN CAPISTRANO	\$8.26
SAN LEANDRO	\$20.07

NEW CITY STREETS AND ROADS INVESTMENTS (In Millions)
Estimated Amounts Based on Historical Data

SAN LUIS OBISPO	\$10.55
SAN MARCOS	\$21.35
SAN MARINO	\$3.10
SAN MATEO	\$23.49
SAN PABLO	\$7.05
SAN RAFAEL	\$13.86
SAN RAMON	\$17.93
SAND CITY	\$0.09
SANGER	\$5.96
SANTA ANA	\$78.47
SANTA BARBARA	\$21.33
SANTA CLARA	\$28.32
SANTA CLARITA	\$51.60
SANTA CRUZ	\$14.79
SANTA FE SPRINGS	\$4.22
SANTA MARIA	\$23.89
SANTA MONICA	\$21.43
SANTA PAULA	\$7.04
SANTA ROSA	\$40.20
SANTEE	\$12.99
SARATOGA	\$6.92
SAUSALITO	\$1.65
SCOTTS Valley	\$2.78
SEAL Beach	\$5.74
SEASIDE	\$7.80
SEBASTOPOL	\$1.72
SELMA	\$5.69
SHAFTER	\$4.13
SHASTA Lake	\$2.41
SIERRA Madre	\$2.52
SIGNAL Hill	\$2.67
SIMI Valley	\$29.10
SOLANA Beach	\$3.09
SOLEDAD	\$5.89
SOLVANG	\$1.25
SONOMA	\$2.49
SONORA	\$1.12
SOUTH EL MONTE	\$4.76
SOUTH GATE	\$22.79
SOUTH LAKE TAHOE	\$4.90
SOUTH PASADENA	\$5.96
SOUTH SAN FRANCISCO	\$14.78

NEW CITY STREETS AND ROADS INVESTMENTS (In Millions)

Estimated Amounts Based on Historical Data

ST. HELENA	\$1.37
STANTON	\$9.10
STOCKTON	\$72.22
SUISUN CITY	\$6.66
SUNNYVALE	\$33.95
SUSANVILLE	\$4.11
SUTTER CREEK	\$0.59
TAFT	\$2.15
TEHACHAPI	\$3.30
TEHAMA	\$0.10
TEMECULA	\$24.96
TEMPLE CITY	\$8.36
THOUSAND OAKS	\$30.29
TIBURON	\$2.17
TORRANCE	\$33.68
TRUCKEE	\$3.70
TRACY	\$20.41
TRINIDAD	\$0.08
TULARE	\$14.53
TULELAKE	\$0.23
TURLOCK	\$16.49
TUSTIN	\$18.93
TWENTYNINE PALMS	\$5.98
UKIAH	\$3.70
UNION CITY	\$16.69
UPLAND	\$17.34
VACAVILLE	\$22.35
VALLEJO	\$26.85
VERNON	\$0.05
VICTORVILLE	\$28.26
VILLA PARK	\$1.36
VISALIA	\$29.80
VISTA	\$22.63
WALNUT	\$6.90
WALNUT CREEK	\$16.02
WASCO	\$6.06
WATERFORD	\$2.01
WATSONVILLE	\$12.10
WEED	\$0.68
WEST COVINA	\$24.69
WEST HOLLYWOOD	\$8.22
WEST SACRAMENTO	\$12.15

NEW CITY STREETS AND ROADS INVESTMENTS (In Millions)

Estimated Amounts Based on Historical Data

WESTLAKE VILLAGE	\$1.92
WESTMINSTER	\$21.53
WESTMORLAND	\$0.52
WHEATLAND	\$0.81
WHITTIER	\$20.22
WILDOMAR	\$8.05
WILLIAMS	\$1.24
WILLITS	\$1.12
WILLOWS	\$1.42
WINDSOR	\$6.19
WINTERS	\$1.65
WOODLAKE	\$1.75
WOODLAND	\$13.16
WOODSIDE	\$1.30
YORBA LINDA	\$15.48
YOUNTVILLE	\$0.68
YREKA	\$1.79
YUBA CITY	\$15.57
YUCAIPA	\$12.31
YUCCA VALLEY	\$4.87
Total	\$7,500.00

Assumptions:

Cities receive 50% of Funding Package fund for Local Streets and Roads.

Local Streets and Road Distribution based on January 2017 allocation shares.

NEW COUNTY INVESTMENTS (In Millions)
Estimated Amounts Based on Historical Data

County	STIP Share	County Road Share
Alameda	\$29	\$232
Alpine	\$1	\$4
Amador	\$2	\$21
Butte	\$6	\$76
Calaveras	\$2	\$33
Colusa	\$2	\$25
Contra Costa	\$20	\$194
Del Norte	\$1	\$13
El Dorado	\$4	\$69
Fresno	\$22	\$233
Glenn	\$2	\$31
Humboldt	\$6	\$60
Imperial	\$10	\$106
Inyo	\$8	\$37
Kern	\$29	\$219
Kings	\$4	\$46
Lake	\$2	\$33
Lassen	\$4	\$32
Los Angeles	\$173	\$1,405
Madera	\$4	\$67
Marin	\$5	\$53
Mariposa	\$1	\$21
Mendocino	\$5	\$49
Merced	\$7	\$88
Modoc	\$2	\$31
Mono	\$6	\$23
Monterey	\$10	\$99
Napa	\$4	\$37
Nevada	\$3	\$38
Orange	\$53	\$480
Placer	\$7	\$99
Plumas	\$2	\$25
Riverside	\$47	\$387
Sacramento	\$27	\$286
San Benito	\$2	\$22
San Bernardino	\$54	\$374
San Diego	\$61	\$538
San Francisco	\$15	\$109
San Joaquin	\$15	\$155
San Luis Obispo	\$11	\$89
San Mateo	\$15	\$131
Santa Barbara	\$12	\$91
Santa Clara	\$34	\$292
Santa Cruz	\$6	\$60

NEW COUNTY INVESTMENTS (In Millions)

Estimated Amounts Based on Historical Data

County	STIP Share	County Road Share
Shasta	\$6	\$70
Sierra	\$1	\$12
Siskiyou	\$4	\$50
Solano	\$9	\$85
Sonoma	\$11	\$127
Stanislaus	\$11	\$125
Sutter	\$2	\$38
Tahoe RPA	\$1	\$0
Tehama	\$3	\$44
Trinity	\$2	\$23
Tulare	\$13	\$151
Tuolumne	\$2	\$31
Ventura	\$18	\$147
Yolo	\$5	\$54
Yuba	\$2	\$31
Interregional	\$	\$0
Total	\$1,174	\$7,500

STATE TRANSIT ASSISTANCE - NEW INVESTMENTS IN LOCAL ENTITIES

Estimated Amounts Based on Historical Data

Regional Entity	PUC 99313 - STA Allocation (Projected 10-Yr Increase)	PUC 99314 - STA Allocation (Projected 10-Yr Increase)	Local Entities – Both PUC 99313 & 99314 Allocations (Projected 10-Yr Increase)
Metropolitan Transportation Commission (Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, Sonoma)	\$414,955,503	\$1,148,758,290	\$1,563,713,792
Sacramento Area Council of Governments (El Dorado, Placer, Sacramento, Sutter, Yolo and Yuba)	\$103,126,623	\$48,235,908	\$151,362,531
San Diego Metropolitan Transit System	\$134,043,130	\$71,012,864	\$205,055,994
San Diego Association of Governments	\$44,348,031	\$21,449,019	\$65,797,050
Tahoe Regional Planning Agency (El Dorado, Placer)	\$5,501,778	\$0	\$5,501,778
Alpine	\$61,555	\$3,519	\$65,074
Amador	\$2,080,609	\$107,252	\$2,187,861
Butte	\$12,542,446	\$778,654	\$13,321,100
Calaveras	\$2,544,451	\$0	\$2,544,451
Colusa	\$1,227,376	\$63,599	\$1,290,975
Del Norte	\$1,607,136	\$113,732	\$1,720,868
El Dorado	\$8,863,963	\$956,649	\$9,820,612
Fresno	\$53,920,116	\$7,036,622	\$60,956,738
Glenn	\$1,605,377	\$0	\$1,605,377
Humboldt	\$7,656,743	\$1,275,834	\$8,932,577
Imperial	\$10,196,652	\$473,251	\$10,669,903
Inyo	\$1,051,773	\$0	\$1,051,773
Kern	\$48,580,918	\$4,334,692	\$52,915,610
Kings	\$8,608,008	\$1,692,862	\$10,300,870
Lake	\$3,654,323	\$341,080	\$3,995,403
Lassen	\$1,892,657	\$126,639	\$2,019,296
Los Angeles	\$563,915,838	\$670,152,084	\$1,234,067,921
Madera	\$8,647,857	\$0	\$8,647,857
Mariposa	\$1,020,796	\$5,173	\$1,025,969
Mendocino	\$4,999,825	\$360,678	\$5,360,503
Merced	\$14,863,847	\$1,187,316	\$16,051,163
Modoc	\$539,221	\$0	\$539,221

STATE TRANSIT ASSISTANCE - NEW INVESTMENTS IN LOCAL ENTITIES

Estimated Amounts Based on Historical Data

Regional Entity	PUC 99313 - STA Allocation (Projected 10-Yr Increase)	PUC 99314 - STA Allocation (Projected 10-Yr Increase)	Local Entities – Both PUC 99313 & 99314 Allocations (Projected 10-Yr Increase)
Mono	\$820,727	\$1,179,603	\$2,000,330
Monterey	\$23,868,748	\$4,014,948	\$27,883,696
Nevada	\$5,494,086	\$193,768	\$5,687,854
Orange	\$174,519,205	\$60,240,798	\$234,760,003
Placer	\$16,199,666	\$2,586,597	\$18,786,263
Plumas	\$1,112,359	\$0	\$1,112,359
Riverside	\$127,701,554	\$24,124,207	\$151,825,762
San Benito	\$3,209,109	\$0	\$3,209,109
San Bernardino	\$117,577,141	\$32,466,387	\$150,043,528
San Joaquin	\$39,550,414	\$8,515,676	\$48,066,089
San Luis Obispo	\$15,413,088	\$1,426,118	\$16,839,206
Santa Barbara	\$24,305,131	\$8,289,634	\$32,594,765
Santa Cruz	\$15,100,773	\$15,860,672	\$30,961,446
Shasta	\$10,113,982	\$707,258	\$10,821,241
Sierra	\$179,291	\$0	\$179,291
Siskiyou	\$2,536,748	\$190,217	\$2,726,965
Stanislaus	\$29,680,575	\$2,103,441	\$31,784,016
Tehama	\$3,611,333	\$0	\$3,611,333
Trinity	\$761,269	\$42,905	\$804,174
Tulare	\$25,800,084	\$2,922,915	\$28,722,999
Tuolumne	\$3,078,340	\$0	\$3,078,340
Ventura	\$47,309,825	\$6,669,137	\$53,978,963
TOTAL	\$2,150,000,000	\$2,150,000,000	\$4,300,000,000

Regional Entity-Transit Operator	PUC 99314 - STA Allocation (Projected 10-Yr Increase)	County/Region Total
REGIONS		
Metropolitan Transportation Commission		\$1,148,758,290
AC Transit	***	
Alameda County Congestion Management Agency - Corresponding to Altamont Commuter Express	\$2,469,040	
Central Contra Costa Transit Authority	\$6,816,934	
City of Dixon	\$54,095	
Eastern Contra Costa Transit Authority	\$3,129,116	
City of Fairfield	\$1,221,539	
Golden Gate Bridge, Highway & Transportation District	\$51,606,111	
City of Healdsburg	\$0	
Livermore-Amador Valley Transit Authority	\$2,896,046	
Napa County Transportation and Planning Agency	\$512,806	
Peninsula Corridor Joint Powers Board	\$60,557,465	
City of Petaluma	\$290,673	
City of Rio Vista	\$43,031	
City of San Francisco	***	
San Francisco Bay Area Rapid Transit District	***	
San Francisco Bay Area Water Emergency Transportation Authority	\$26,582,669	
San Mateo County Transit District	\$44,055,145	
Santa Clara Valley Transportation Authority	\$134,968,644	
Santa Clara Valley Transportation Authority - Corresponding to Altamont Commuter Express	\$2,782,377	
City of Santa Rosa	\$1,543,537	
Solano County Transit	\$2,363,885	
Sonoma County	\$1,782,244	
City of Union City	\$496,800	
Western Contra Costa Transit Authority	\$3,496,221	
*** AC Transit, City of SF + BART share this total, based on local formula	\$801,089,911	
Sacramento Area Council of Governments		\$48,235,908
City of Davis	\$1,549,311	
City of Elk Grove	\$1,213,500	
City of Folsom	\$173,485	
Sacramento Regional Transit District	\$42,327,154	
Yolo County Transportation District	\$2,154,291	
Yuba Sutter Transit Authority	\$818,167	
San Diego Metropolitan Transit System	\$71,012,864	
San Diego Association of Governments		

Regional Entity-Transit Operator	PUC 99314 - STA Allocation (Projected 10-Yr Increase)	County/Region Total
North San Diego County Transit District	\$21,449,019	
Tahoe Regional Planning Agency		
Tahoe Transportation District	\$0	
COUNTIES		
Alpine County		\$3,519
Amador Regional Transit System	\$107,252	
Amador County		\$107,252
Butte County Association of Governments	\$778,654	
Butte County		\$778,654
Calaveras County		\$0
Colusa County		\$63,599
Redwood Coast Transit Authority	\$113,732	
Del Norte County		\$113,732
El Dorado County Transit Authority	\$956,649	
El Dorado County		\$956,649
City of Clovis	\$479,057	
City of Fresno	\$5,774,770	
Fresno County Rural Transit Agency	\$782,795	
Fresno County		\$7,036,622
Glenn County		\$0
City of Arcata	\$119,601	
City of Eureka	\$361,690	
City of Fortuna	\$7,523	
Humboldt Transit Authority	\$787,020	
Humboldt County		\$1,275,834
City of Imperial	\$71,185	
Imperial County Transportation Commission	\$330,775	
Imperial County Transportation Commission - Specialized Services	\$71,291	
Imperial County		\$473,251

Regional Entity-Transit Operator	PUC 99314 - STA Allocation (Projected 10-Yr Increase)	County/Region Total
Inyo County		\$0
City of Arvin	\$41,946	
City of California City	\$15,763	
City of Delano	\$52,272	
Golden Empire Transit District	\$3,225,209	
Kern County	\$555,848	
City of Ridgecrest	\$204,874	
City of Shafter	\$17,522	
City of Taft	\$204,147	
City of Tehachapi	\$2,518	
City of Wasco	\$14,593	
Kern County		\$4,334,692
City of Corcoran	\$42,505	
Kings County Area Public Transit Agency	\$1,650,357	
Kings County		\$1,692,862
Lake Transit Authority	\$341,080	
Lake County		\$341,080
Lassen County		\$126,639
Antelope Valley Transit Authority	\$6,835,300	
City of Arcadia	\$905,494	
City of Claremont	\$385,302	
City of Commerce	\$985,867	
City of Culver City	\$4,638,030	
Foothill Transit Zone	\$28,219,560	
City of Gardena	\$6,570,357	
City of La Mirada	\$500,109	
Long Beach Public Transportation Company	\$27,446,543	
City of Los Angeles	\$36,122,154	
Los Angeles County Metropolitan Transportation Authority	\$438,769,323	
City of Montebello	\$9,510,467	
City of Norwalk	\$2,553,017	
City of Redondo Beach	\$1,101,316	
City of Redondo Beach - Specialized Service	\$269,252	
City of Santa Monica	\$22,022,757	
Southern California Regional Rail Authority - LA Metro	\$80,144,467	
City of Torrance	\$3,172,769	

Regional Entity-Transit Operator	PUC 99314 - STA Allocation (Projected 10-Yr Increase)	County/Region Total
Los Angeles County		\$670,152,084
Madera County		\$0
Mariposa County		\$5,173
Mendocino Transit Authority	\$360,678	
Mendocino County		\$360,678
Merced Transit Joint Powers Authority of Merced County	\$741,207	
Merced Transit Joint Powers Authority of Merced County - Specialized Service	\$446,109	
Merced County		\$1,187,316
Modoc County		\$0
Eastern Sierra Transit Authority	\$1,179,603	
Mono County		\$1,179,603
Monterey-Salinas Transit	\$4,014,948	
City of Soledad	\$0	
Monterey County		\$4,014,948
Nevada County		\$193,768
City of Laguna Beach	\$295,025	
Orange County Transportation Authority	\$23,426,980	
Orange County Transportation Authority - Corresponding to the Southern California Regional Rail Authority	\$36,518,793	
Orange County		\$60,240,798
City of Auburn	\$16,922	
City of Lincoln	\$29,819	
Placer County	\$1,968,847	
City of Roseville	\$571,010	
Placer County		\$2,586,597
Plumas County		\$0
City of Banning	\$93,618	
City of Beaumont	\$111,951	

Regional Entity-Transit Operator	PUC 99314 - STA Allocation (Projected 10-Yr Increase)	County/Region Total
City of Corona	\$257,915	
Palo Verde Valley Transit Agency	\$54,422	
City of Riverside	\$201,597	
Riverside County Transportation Commission - Corresponding to Southern California Regional Rail Authority	\$10,567,920	
Riverside Transit Agency	\$9,372,332	
SunLine Transit Agency	\$3,464,453	
Riverside County		\$24,124,207
San Benito County		\$0
Morongo Basin Transit Authority	\$224,619	
Mountain Area Regional Transit Authority	\$184,854	
Omnitrans	\$9,197,088	
San Bernardino Associated Governments - Corresponding to Southern California Regional Rail Authority	\$21,576,480	
Victory Valley Transit Authority	\$1,283,347	
San Bernardino County		\$32,466,387
Altamont Commuter Express Authority - San Joaquin Regional Rail Commission	\$2,156,388	
City of Lodi	\$379,623	
City of Ripon	\$653	
San Joaquin Regional Transit District	\$5,979,012	
San Joaquin County		\$8,515,676
City of Atascadero	\$52,989	
City of Morro Bay	\$6,965	
City of Paso Robles Transit	\$101,899	
City of San Luis Obispo	\$384,670	
San Luis Obispo County	\$35,129	
San Luis Obispo Regional Transit Agency	\$768,982	
South County Area Transit	\$75,484	
San Luis Obispo County		\$1,426,118
City of Guadalupe	\$55,812	
City of Lompoc	\$308,427	
Santa Barbara County	\$86,969	
Santa Barbara Metropolitan Transit District	\$6,907,718	
City of Santa Maria	\$883,114	
City of Solvang	\$47,594	

Regional Entity-Transit Operator	PUC 99314 - STA Allocation (Projected 10-Yr Increase)	County/Region Total
Santa Barbara County		\$8,289,634
Santa Cruz County Metropolitan Transit District	\$15,860,672	
Santa Cruz County		\$15,860,672
Redding Area Bus Authority	\$707,258	
Shasta County		\$707,258
Sierra County		\$0
Siskiyou County		\$190,217
City of Modesto	\$1,723,018	
Stanislaus County	\$291,621	
City of Turlock	\$88,802	
Stanislaus County		\$2,103,441
Tehama County		\$0
Trinity County		\$42,905
City of Exeter	\$13,297	
City of Porterville	\$285,615	
City of Tulare	\$241,436	
Tulare County	\$305,835	
City of Visalia	\$2,076,731	
Tulare County		\$2,922,915
Tuolumne County		\$0
Gold Coast Transit	\$1,989,899	
Ventura County Transportation Commission - Corresponding to Southern California Regional Rail Authority	\$4,679,238	
Ventura County		\$6,669,137
PUC 99314 Projected 10-Yr Total	\$2,150,000,000	

ACTIVE TRANSPORTATION GRANTS
Breakdown of the MPO distribution of \$1B in funding over 10 years

Metropolitan Planning Organization	Percent	Yearly Distribution	10 Year Distribution
Southern California Association of Governments (SCAG)	53.20%	\$21,280,000	\$212,800,000
Metropolitan Transportation Commission (MTC)	21.00%	\$8,400,000	\$84,000,000
San Diego Association of Governments (SANDAG)	9.10%	\$3,640,000	\$36,400,000
Sacramento Council of Governments (SACOG)	6.70%	\$2,680,000	\$26,800,000
Fresno Council of Governments (FCOG)	2.70%	\$1,080,000	\$10,800,000
Kern Council of Governments (KCOG)	2.50%	\$1,000,000	\$10,000,000
San Joaquin Council of Governments (SJCOG)	2.00%	\$800,000	\$8,000,000
Stanislaus Council of Governments (StanCOG)	1.50%	\$600,000	\$6,000,000
Tulare County Association of Governments (TCAG)	1.30%	\$520,000	\$5,200,000
TOTAL		\$40,000,000	\$400,000,000



MEMORANDUM

TO: HONORABLE MAYOR &
CITY COUNCIL

FROM: Sarah T. Schlenk

SUBJECT: Federal Actions Impacting City Budget

DATE: March 29, 2017

City Administrator
Approval

Date

INFORMATION

Introduction

The purpose of this memo is to: 1) provide Council with a summary and analysis of President Trump's proposed topline budget proposal, elaborate on the federal budget process and its many steps, and provide insight on how the budget's proposed cuts could fiscally impact the City; and 2) provide Council with an update on the Sanctuary Cities executive order and its potential impact on the City's federal law enforcement grant funds.

On March 16th, President Trump released his proposed topline budget summary for Fiscal Year 2018, which features dramatic cuts to many domestic programs, while increasing spending for the military, veterans and border security. The proposal serves as an unofficial "starting point" for the Congressional budget and appropriations process, which will play out over the next six months. While President Trump will push his "America first" priorities, Congress will ultimately decide spending levels and can be expected to resist many of the cuts proposed in this budget.

The President's 62-page budget proposal is not as detailed as years past (by comparison, President Obama's very first budget summary was 142 pages long), and is what the administration is calling a "skinny budget," outlining the general direction and priorities of the Trump administration. The budget only outlines policy directives for discretionary spending; the Office of Management and Budget has stated that the administration intends to release a full line-item budget in May containing the president's plan for mandatory programs like Medicare and Social Security. It will also contain 10-year projections for taxes and spending. As such, the budget proposal does not cite all programs for proposed cuts or increases, and not all details of how the proposed budget might be implemented are immediately available.

In addition, this week Attorney General Jeff Sessions reaffirmed the Administration's efforts to cut federal funding from Sanctuary Cities and jurisdictions. During a press conference on March 27th, Sessions explained jurisdictions must demonstrate they are not sanctuary cities in order to receive financial grants from the Department of Justice. However, due to varying interpretations

of the statute, and laws that prevent the government from taking back awarded funds, it remains to be seen if the administration will successfully implement this rule.

Proposed Cuts Relevant to City of Oakland

President Trump’s topline budget proposal for FY 2017-18 includes \$54 billion in cuts to pay for a \$54 billion increase in defense spending. Much of these cuts have been described as draconian in nature; some could drastically impact the City’s operations and services if they were to be written into law.

In the current fiscal year (2016-2017), the City of Oakland has approximately \$130 million in federal grants from recurring grants, one-time grants, or prior-year balances. The recurring annual federal funds total approximately \$40 million, of which nearly half is for the Head Start and Early Head Start programs. Other recurring funds come from mandatory grants like the US Department of Housing and Urban Development (HUD)’s Community Development Block grant program, which provides funding on a formula basis for a variety of community needs ranging from economic development and housing to disaster relief. Non-recurring funds come from discretionary grant programs that are awarded through a competitive process. These grants include the US Department of Justice’s Community Oriented Policing Services (COPS) grant, which provides funding for the hiring of new police officers.

President Trump’s budget appears to threaten key sources of the City’s federal funding. Based on what is written in the president’s budget, the proposed cuts that would have the greatest direct fiscal impact on the City include:

- The elimination of the Community Development Block Program (\$3 billion);
- The elimination of the HOME Investment Partnerships Program;
- The elimination of the Community Services Block Grant;
- The elimination of the Economic Development Administration, which gives out grants in struggling communities; and
- Cuts \$667 million from FEMA grant programs to state and local agencies, including pre-disaster mitigation grants and counterterrorism funding.

The following recurring sources of City funds could be in jeopardy if these proposed cuts were to make it through the appropriations process:

Federal Funding Source	2016-17 Total Recurring Funding Amount	Department(s) Affected
Department of Housing and Urban Development – Community Development Block Grant	\$7.1 million	Housing and Community Development, Human Services Department
Department of Housing and Urban Development – HOME Investment Partnership Program	\$2.1 million	Housing and Community Development

Department of Health and Human Services – Community Services Block Grant	\$1.35 million	Human Services Department
TOTAL:	\$10.55 million	

In addition, the City has received one-time funding from the federal government through the following programs that are slated to be cut or eliminated. Staff does not anticipate existing funds to be in jeopardy, because they were already awarded, but it may be important to note that any future opportunities from these sources may be impacted:

- Economic Development Administration - \$1.2 million. Pass through from Bay Area Air Quality Management District for the Broadway Shuttle.
- FEMA - \$11.4 million. Includes funding for OFD through the SAFER grant and HCD’s grants for seismic retrofitting.
- Department of Transportation (TIGER) \$1.5 million. Sub-grant from BART for 19th Street renovation.
- National Endowment for the Arts - \$35,000. Grant supports development of the City’s Arts Plan.

Federal Budget and Appropriations Process

Please see Attachment 1 for a step-by-step illustration of the federal budgetary process. At the federal level, the president’s budget is a non-binding, broad outline of spending that is recommended, but not required, which is followed by appropriations bills that fund all federal government agencies. Budgets provide the president’s policy priorities and act as a starting point for discussion and negotiation with Congress, which dictate actual spending via appropriations. Appropriations bills, which fund the federal government, are traditionally adopted in twelve individual bills pertaining to the various federal departments and agencies. These bills may also advance in the form of the following:

- **Continuing Resolution (CR):** Extension of federal funding for a set amount of time at the same level as previously negotiated
- **Omnibus:** Full-year funding, all in one bill
- **Minibus:** Full-year funding, but for several departments at a time
- **CRomnibus:** Combination CR and omnibus, which negotiates new funding levels for some areas of government and simply extends federal funding at same levels for other areas of government

In a typical legislative year, Congress begins crafting their annual funding bills after the president submits his proposal in February, followed by appropriation committee hearings in early spring, appropriation bill mark-ups in late spring, floor debate and passage in summer, conference committee negotiations in early fall and final approval by the House and Senate before the September 30 end of the fiscal year. However, for the past several years, Congress has been unable to pass all twelve bills in time, and has relied on a series of CRs or omnibus bills. An omnibus (and sometimes minibuses) can be unwieldy and under-scrutinized compared to the

individual twelve bills, but ultimately, they fund the government in the same way individual appropriation bills would.

As such, President Trump's topline budget proposal is, essentially, the opening scene in a multi-act play. There will be numerous steps in the process, and it can be expected that there will be differences between the president's proposals and what eventually makes it through appropriations. There is also a lot of uncertainty as to whether all Congressional Republicans will fully buy-in to the Administration's proposed cuts, or if the president will meet resistance from his own party.

In addition, as with most new administrations, budget proposals can be submitted as late as May (which happened in Obama's first year). This will leave little time for hearings and markups to occur. Once these bills pass through their Committees, they will be scheduled for floor debate, which could take weeks. Coupled with potential resistance from both democratic and republican officials, the ACA repeal, and an abundance of appointment hearings, the clock may run out on Congress to approve all twelve appropriations bills. It could be likely that FY 2018 begins with another CR.

In order to prevent a government shutdown, by April 28th Congress must pass remaining appropriations bills or a CR for the remainder of the 2016-2017 fiscal year. Reports today indicate that the president will request that the spending bill include \$33 billion to support his border wall with Mexico, and \$18 billion in cuts to medical research and jobs programs. These requests are not popular among members of Congress, even among Republican lawmakers, and it is expected that lawmakers will work to leave these demands out of a CR in order to avert a potential shutdown.

Sanctuary Cities Update

Per a recent report from Townsend Public Affairs, Inc., during a press conference Monday, Attorney General Jeff Sessions reaffirmed the Administration's efforts to cut federal funding from Sanctuary Cities and jurisdictions. Sessions explained jurisdictions must demonstrate they are not sanctuary cities in order to receive financial grants from the Department of Justice. However, it remains to be seen if the administration will successfully implement this rule.

Session's comments parallel the executive order President Trump issued his first week in office, indicating that DOJ and DHS should define a sanctuary jurisdiction and look into withholding grants. Sessions said the Department of Justice would require that jurisdictions seeking or applying for Department of Justice grants in the future would have to certify compliance with the law, which require jurisdictions to demonstrate compliance with USC 1373 in order to receive funds. Section 1373 prohibits "government entities and officials from taking action to prohibit or in any way restrict the maintenance or intergovernmental exchange of [immigration status] information, including through written or unwritten policies or practices."

Sessions did not clarify if this applied to all DOJ grant programs or only some. His statements alluded to compliance with an Obama policy that identifies three programs (COPS grants, Byrne-

JAG grants, and the State Criminal Alien Assistance Program) that already require jurisdictions to demonstrate compliance with USC 1373 in order to receive funds. Sessions also stated the department will “also take all lawful steps to claw back any funds awarded to jurisdictions that don’t comply.” The operative word in this statement is “lawful,” since in many cases taking back lawfully-awarded funds after they are issued would be illegal. The only way he could do this is to identify grant recipients who were not compliant with the criteria at the time of issuing funds, and attempt to litigate the funds back.

It still remains unclear whether this order will have an effect on the City of Oakland, and the federal funds it receives from the Department of Justice for the Oakland Police Department (OPD). As of December 2016, OPD had \$5.2 million in remaining funds from the Department of Justice through various grant programs. Much of these funds are from discretionary programs and are provided on a competitive basis. Also, since these funds were already awarded to the City, it is highly unlikely that DOJ would be able to scale back or recapture these funds. However, it may affect future grant applications if compliance with the law is written into the guidelines.

Conclusion

Multiple jurisdictions, including the City of San Francisco, and Santa Clara County, have filed suit claiming the order violates State’s rights provisions of the Constitution. Lastly, the term “sanctuary city” has yet to be defined in statute. While it is generally understood to mean a municipality that declines to assist federal authorities enforcing immigration law, the lack of a definition could make it difficult for the administration to institute punitive actions against sanctuary cities. Staff will track the outcome of the Sanctuary City order, and will inform Council of any changes, and of potential actions that could be taken in response.

The cuts proposed by the Trump Administration are not bound by law, and are merely a reference for the President’s priorities. There are many steps that will have to take place before any of these cuts are to make it through the appropriations process. However, since this budget includes serious policy directives from the incoming administration, these proposed cuts should not be taken lightly. It is also uncertain if there will be more cuts to other funding sources critical to the City once the detailed budget is released in May. Resistance to these cuts from both Houses of Congress is anticipated, as well as efforts from Governor Brown to counteract these reductions in his budget’s May revision. Also, given the potential for another Continuing Resolution, and due to timing of grant awards, the City may not experience the fiscal impact of the 17-18 federal budget until the City is into its 2018-19 fiscal year.

The Finance Department, in coordination with TPA, will closely monitor all budget activity at the federal level, as well as their potential fiscal impacts to the City of Oakland.

Respectfully submitted,

/s/

Sarah Schlenk
Budget Administrator, Finance Department

For questions, please contact Jonathan Segarra, Citywide Grants Coordinator, at 510-238-4906.

Attachments

--Attachment1- federal budget process

A guide to the federal budget process

The president's budget request is the first step in the complex process of funding the federal government.



Discretionary spending is subject to annual approval by Congress. Legislators have less control over mandatory spending, which is devoted to entitlement programs.

By Karen Yourish and Laura Stanton

1 On or before the first Monday in February, the president submits to Congress a detailed budget request for the next fiscal year, which begins Oct. 1.

2 Based on the president's proposal, the House and Senate budget committees propose budget resolutions that set targets for spending and tax revenue and identify any policies that will need to move through reconciliation. These are sent to the floor for a vote, and differences are resolved in conference.

3 The House and Senate appropriations committees divide the discretionary spending set forth in the budget resolution among each of their 12 subcommittees.

Each subcommittee conducts hearings on the programs under its jurisdiction and votes out a bill. The full committee marks up the bill and sends it to the floor. Both chambers pass their bills and iron out the differences in conference. The House and Senate vote again, and the conference report is sent to the president for his signature or veto.

All of the appropriations bills are supposed to be signed by the president by Oct. 1, but this rarely happens. To avoid a government shutdown, a series of continuing resolutions are approved to continue funding the agencies at their current levels.

Reconciliation occurs if Congress needs to legislate policy changes in mandatory spending or tax laws to meet the annual targets laid out in the budget resolution. The resolution requires the relevant authorizing committees to come up with a plan and report back to the budget committees. The budget committees combine all of the authorizing plans into an omnibus package and send it to the floor for a vote. The House and Senate work out differences in conference, vote again and send the final version to the president for signature or veto.

