



# 2022 Fund Estimate Final Assumptions

Presented to the  
California Transportation Commission

# 2022 Fund Estimate Assumptions

- Approval Needed for FE Assumptions
  - Government Code, Section 14524 (d) & 14524 (c)
- Direct Impact on State Transportation Improvement Program (STIP) & State Highway Operation and Protection Program (SHOPP) Programming Capacity
- Potential Impact of May Revision & Final Budget Act
- Federal Transportation Act Status

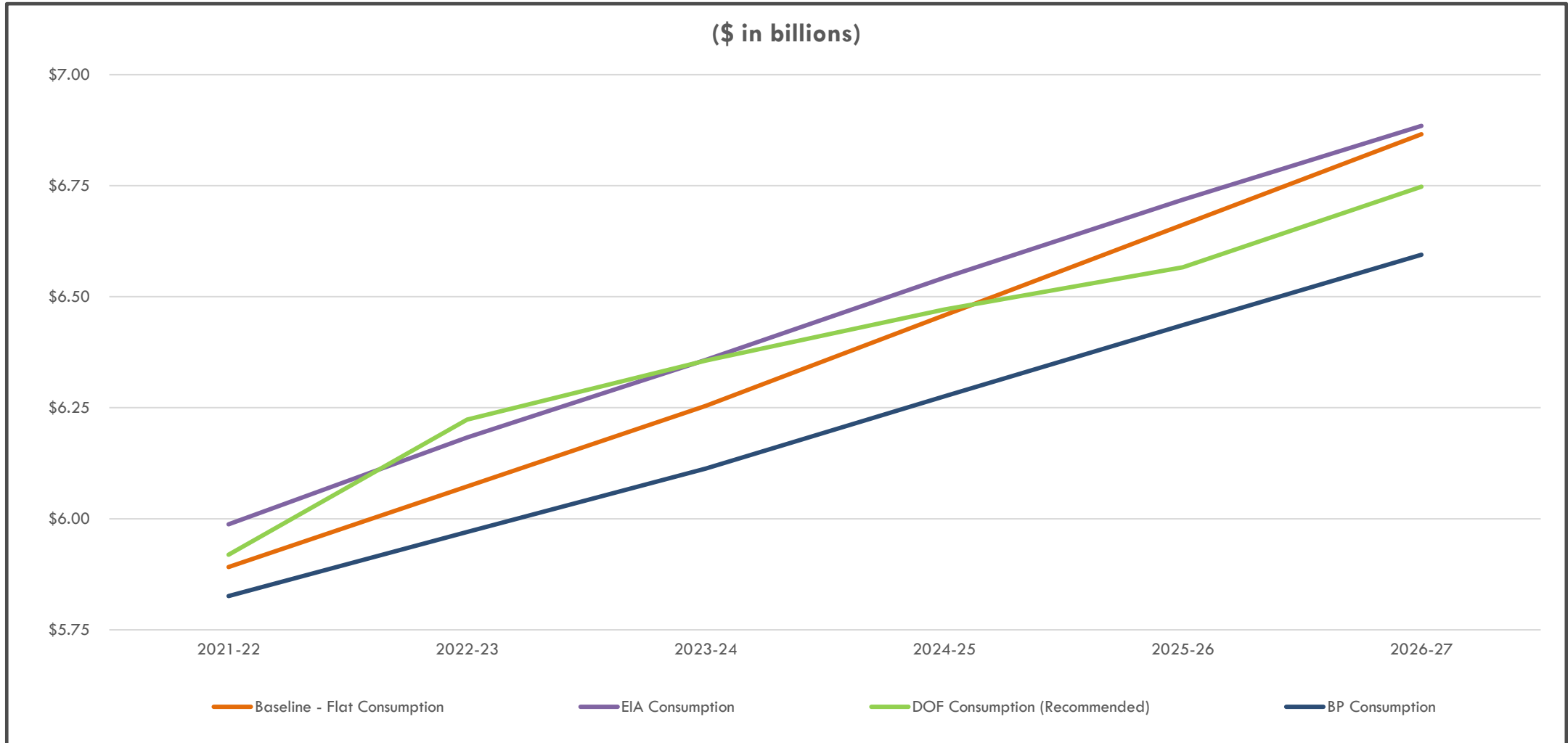
# Prior Fund Estimate Accuracy

- Fund Estimate accuracy has consistently been impacted by changes to law or policy.
- Examples:
  - 2016 FE – The incremental excise tax rate adopted by the Board of Equalization was lower than planned
    - A decrease of about \$801 million in STIP capacity over a five-year period
  - 2018 FE – Senate Bill 1 increased gasoline and diesel taxes which adjust for inflation annually.
    - An increase of approximately \$828 million in new STIP program capacity.
  - 2020 FE – The 2020 state stay-at-home order issued to slow the spread of the COVID-19 virus resulted in sharp reductions in gasoline consumption and revenue.
    - A decrease of about \$781 million in gasoline revenues in fiscal year 2020-21.
- Benefit of adopting the Fund Estimate every two years

# Section One: Options

- Economy's Impact on Revenues (Fuel Consumption Projections)
  - No change from draft
  - Department recommends Alternative C (Department of Finance projections):
    - DOF has a track record for accuracy – within approximately 1% of actual
    - Consumption forecasts are more specific to California
    - Analyzes fuel types individually
    - DOF offers an updated look at consumption around May revise
  - Alternative C represents a moderate and reliable approach to consumption over the FE period

# Projected Gross Revenue Collection Alternatives



# Section One: Options

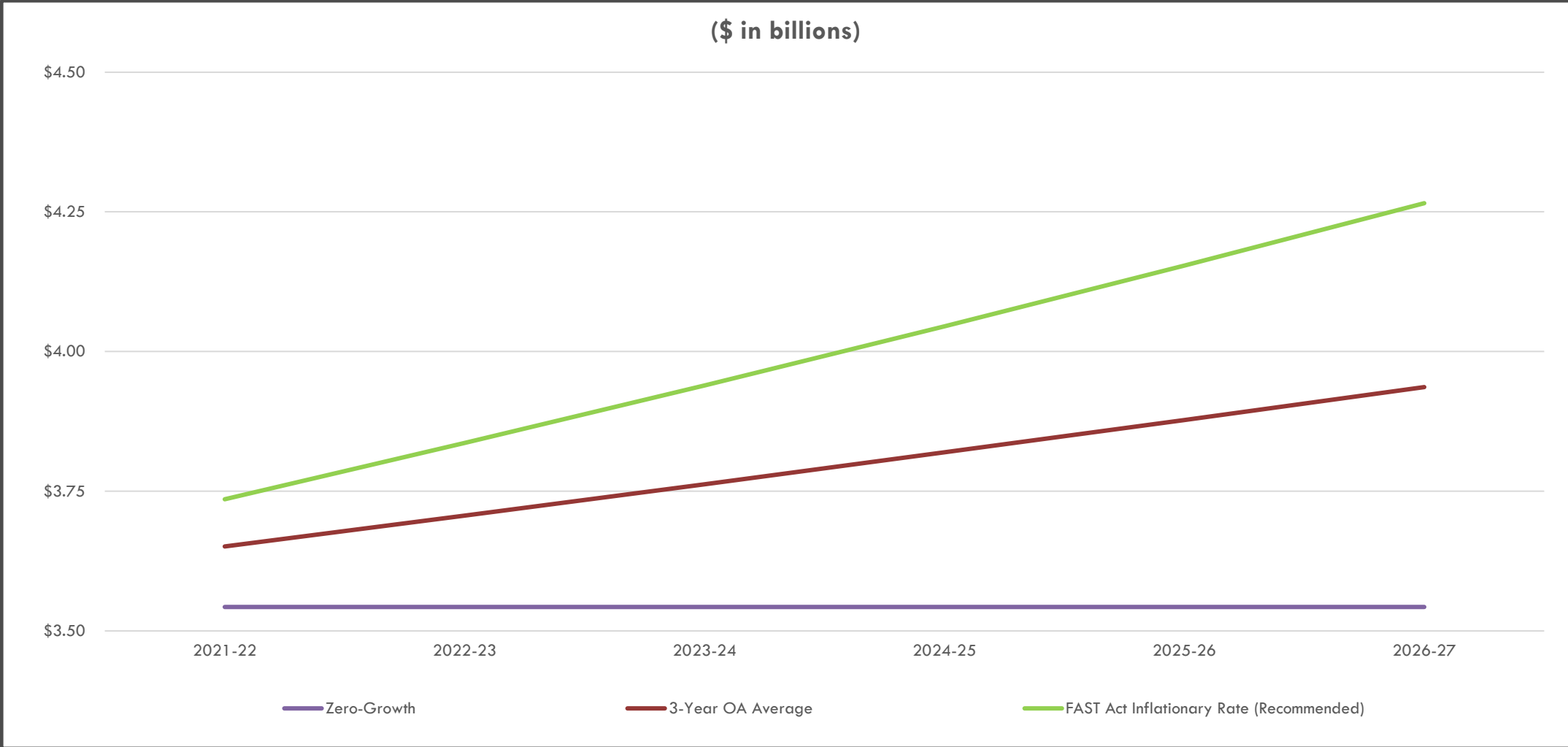
- Federal Revenues

- No change from draft

- **Department recommends Alternative C (Revenue escalation rate of 2.7 percent):**

- Escalated annually using the inflationary rate during the entire FAST Act funding period
    - The escalation rate of 2.7% is based on FHWA actuals
    - Approach is consistent with federal policy
    - Advisable if federal support for transportation appears strong

# Projected Federal Revenues Alternatives



# Next Steps

- Draft Fund Estimate presented to Commission in June 2021
  - Any updates to assumptions will be discussed.
- Final Fund Estimate scheduled for August 2021 meeting
  - Adoption may be delayed up to 90 days by the Commission.



# Questions

