



December 19, 2023

The Honorable Gavin Newsom  
Governor, State of California  
1021 O Street, Suite 9000  
Sacramento, CA 95814

*Submitted via Email*

**Re: Proposed 2024-25 Budget Request for Climate-Smart Transportation Infrastructure Investment**

Dear Governor Newsom:

We request a fiscally-responsible transportation budget that meets the most vulnerable Californians' needs while reducing traffic and the cost of commuting, especially given potential budget constraints the state may be facing. **We are not requesting new funding.** On the contrary, we ask that existing funding be put to more efficient and equitable uses that fully aligns with our state's climate and environmental priorities.

Now is the time to address this as our transportation budget has substantially increased with federal Infrastructure Investment and Jobs Act (IIJA) funds. The following actions would accomplish these goals by strengthening the alignment between California's strategic priorities and transportation infrastructure investments while allowing for necessary spending cuts. Specifically, we encourage the

Governor's Office to work with agency and department leadership to propose a transportation budget that:

1. **Considers any proposed reductions in General Fund spending on transportation infrastructure in the context of our climate and equity goals**, and honors prior transit, clean transportation funding and critical maintenance commitments, including but not limited to TIRCP (\$2 billion/yr), ATP (\$500 million/yr), and ZETCP (\$1.1 million over four years).
2. **Backfills any General Fund cuts by leveraging the existing statutory flexibility of federal highway formula funds as well as funding from the State Highway Account.** To maximize this flexibility, California can move up to 50% of National Highway Performance Program funding (or nearly \$1.25 billion) into the Surface Transportation Block Grant Program, which would make these funds eligible for a [significantly wider array of investments](#), including investments in complete streets (including active transportation infrastructure and certain types of transit priority infrastructure), transit capital projects, climate resilience projects, workforce development programs, and more.
3. **Suspends California state investment in new highway capacity** (with the potential to rescope or reimagine impacted projects to preserve investment levels and ensure community benefits) as an imprudent use of funds that the state cannot afford given the realities of the state budget. Last year, the state spent several billions on expansion projects on state highways and local streets and roads. These allocations should be eliminated for this fiscal year to ensure fiscal responsibility and ensure we are not expanding our future pool of maintenance responsibility. Moreover the effects of such projects further contributing to climate change, environmental injustice, and cumulative pollution burdens on communities will need to be remediated for an untold future cost.
4. **Develops a multi-year funding commitment that ensures at least 50% of the State Highway Account (SHA) funds go to VMT-reducing projects while prioritizing investments in California's most burdened communities.** This can include diverting funding away from traffic enforcement to invest in traffic calming and public transportation infrastructure, as that is a safer and more effective approach to achieving our transportation goals.

### **Modernize State Transportation Spending and Redress Harms and Burdens**

A smart transportation budget will support the state's efforts to meet its "Core Four" climate, equity, safety, and economic development goals and statutory obligations, but California's long history of unbalanced transportation spending continues to be the foremost obstacle in meeting these goals. Outdated budgeting and project prioritization that increase motor vehicle throughput have enshrined in concrete a transportation system that actively contradicts and undermines our state's efforts to curb climate change. These policies increase traffic fatalities, force Californians to waste time on congested roadways because they have no alternative way to get where they need to go, and undermine your efforts to provide opportunities for safe and equitable mobility to all Californians.

Through the state transportation budget and appropriation process, Caltrans should transform our state transportation network into a system that connects communities by emphasizing walkability, bikeability, high-quality transit with convenient access, and micro-mobility options. New investments must move past and begin to repair a century of investments that too often harmed California's most vulnerable

residents, bulldozing and dividing communities of color, facilitating industrial development and freight movement through disadvantaged neighborhoods, and driving up the cost of living by entrenching car dependence in our built environment. For example, by investing in substantial and proportionate Complete Streets<sup>1</sup> infrastructure on state routes, we could open these streets to people who currently cannot access them because they cannot afford a personal car, do not or cannot drive, or would simply prefer to take an eco-friendly and safer mode.

In a budget year where every program is facing potential cuts, we need to scrutinize funding for wasteful highway, major roadway, and interchange expansions above all else and consider shifting resources to multimodal projects, which deliver more bang for our buck in helping Californians get to where they need to go. A balanced budget is aligned with “fix-it-first” priorities and Article 19 of the California Constitution.

Moreover, if California is serious about aligning our climate goals with transportation funding, our state needs to augment its investment in chronically underfunded public and active transportation by reallocating highway, major roadway, and interchange expansion funds and leveraging maintenance investments to expand clean transportation options, particularly in disadvantaged communities. This is a critical and timely opportunity for your office’s leadership, with the potential to establish a national precedent for responsible, climate-friendly transportation infrastructure investments.

Maintaining California's transportation system in a state of good repair was the central goal of SB 1 and rightly remains a priority for the state. California's transportation leaders have done a remarkable job of bringing our road network into a state of good repair. California was already on track to hit federal transportation infrastructure state of good repair metrics prior to the infusion of new IIJA funds, with the exception of federal bridge maintenance targets, which received a targeted boost in federal funding through IIJA. According to California transportation agencies' ["Rebuilding California" website](#), the state has already achieved or is on track to achieve all of its priority SB 1 state of good repair targets.

Maintenance investments are not at odds with new sustainable transportation investments, and a fix-it-first approach remains the right starting point for California’s transportation investment approach. Still, more can and must be done to ensure that as we maintain our transportation system, we also honor our commitments to leave our roads better than we now find them—better in terms of each of the state’s safety, environmental, equity, and economic development priorities.

California’s track record of success in maintaining its highway network, coupled with a historic infusion of new federal dollars from the IIJA, give California the opportunity to prioritize allocating these new federal dollars to achieve the state's climate, equity, and safety goals while continuing to support economic development through direct and indirect job creation and improved job access.

## **Preserve and Grow Investments in Transit Infrastructure and Complete Streets**

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<sup>1</sup> Caltrans defines Complete Streets as “a transportation facility that is planned, designed, constructed, operated, and maintained to provide comfortable and convenient mobility and improve accessibility and connectivity to essential community destinations for all users, regardless of whether they are traveling as pedestrians, bicyclists, public transportation riders, or drivers. Complete streets are especially attuned to the needs of people walking, using assistive mobility devices, rolling, biking, and riding transit.”

A significant budget deficit is likely to force challenging spending trade-offs and cuts in certain areas of the budget. It is imperative that those cuts be made in a targeted way that supports California's goals, reducing spending that is out of alignment with climate and equity priorities while preserving critical funding commitments to public transit (including both capital projects and operations funding, and non-traditional public transit in rural communities), active transportation, and zero-emissions vehicle infrastructure—especially in disadvantaged communities.

Transit operations and infrastructure and active transportation infrastructure are consistently underfunded despite being a significant state priority to meet our climate, equity, and mobility goals. In CARB's latest update to its Scoping Plan, the agency stated in stark terms that, unless we achieve rapid and deep cuts in vehicle miles traveled (VMT), we will not achieve carbon neutrality by 2045 even if all new vehicles sold by 2035 are zero-emission. Meanwhile, statewide VMT continues to rise, saddling Californians with longer commutes, worse pollution, and higher costs of living.

We do not have any time left to lose: a shift is needed today. It is not a question that state agencies are using transportation dollars in a manner that undermines California's efforts to meet its stated goals. According to the [Natural Resources Defense Council's](#) (NRDC's) analysis of ten of California's largest transportation funding programs, more than 81% of available transportation funding goes to projects that either increase or fail to reduce climate pollution, traffic fatalities, and vehicle miles traveled. Recent reports by [CARB](#), the [Strategic Growth Council](#), and [CalSTA \(in draft\)](#) underscore the gap that remains between California's commitments and its state and local agencies' actions, even while demonstrating areas of progress. California's transportation agencies and our state's decision-makers have outlined strategies to solve our climate and mobility problems, but until budget priorities reflect these administrative policies, they will remain ineffective at best.

The state has the ability to increase funding for public and active transportation infrastructure using existing revenue sources.<sup>2</sup> The Legislative Analyst's Office recently made it clear that the legislature has flexibility to shift funds from the SHA to support other transportation purposes, specifically clean transportation options.<sup>3</sup> The SHA has already been the major sustainable source of funding for the Active Transportation Program (ATP) since the ATP's inception in 2013. In the last decade, the state's transportation priorities have shifted without being fully supported by the necessary budget appropriations from our transportation funds. The SHA should provide additional ongoing and consistent funds for more sustainable transportation infrastructure.

### **Leverage Flexible Federal Funds to Fill Gaps**

The potential adverse impacts of any necessary spending cuts can be mitigated by leveraging existing flexibility in remaining funding sources. Federal statute has increased the flexibility with which federal formula funds can be spent over the course of the past three decades, and provides all states with a

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<sup>2</sup> Despite the overall deficit from the 2023-24 budget, the Governor increased the state transportation budget, including a more than \$5 billion increase for Caltrans with an infusion of over \$500 million in new General Fund dollars. Arguably, this new infusion of funds can be leveraged for public and active transportation as well.

<sup>3</sup> In its analysis, "Proposed Budget Solutions in Transportation Programs" for the 2023-24 budget, the LAO described the 'trade-off' of shifting funds out of the SHA as reducing funds for maintenance and rehabilitation. It is notable, however, that the analysis does not address highway capacity expansion from the SHA as being an important value or priority being impacted if funds are shifted.

variety of tools to ensure that available funds can be put to their highest and best use, as the [Georgetown Climate Center has recently summarized](#).

The largest federal ‘highway’ formula program—the National Highway Performance Program (NHPP), at nearly \$2.5 billion annually—offers California the greatest opportunity to increase flexibility in its administration of historic federal funds. While NHPP requires funds to be invested in the National Highway System (including transit and complete streets investments along eligible corridors, as well as EV charging since the passage of IIJA), federal statute allows up to 50% of NHPP funds to be moved into more flexible federal funding programs such as the Surface Transportation Block Grant Program, which allows a much more diverse range of investments—including transit capital investments and complete streets projects outside the National Highway System, climate resilience investments, and a variety of workforce development programs that could advance the state’s economic development and equity goals.

Some of this flexibility is already leveraged by MPO and other local government partners, but Caltrans could fully realize this potential with the support and leadership of the governor’s office and the legislature in the budget process.

### **Invest in Sustainable Transportation Infrastructure and Divest from Harmful Freeway Expansions**

In a tight budget year, California cannot afford to continue pouring money into projects that expand freeway, major roadway, and interchange capacity, which result in more driving, more traffic, more industrial development, and degrade our air, our climate, and our neighborhoods while exacerbating environmental injustices in disadvantaged communities. These projects also consistently fail to achieve their stated purpose of reducing congestion, and traffic deaths and serious injuries are trending in the wrong direction, calling into question safety-based rationales commonly used to justify highway capacity projects.

One does not need to look far for examples of transportation spending that could be put to better use serving the needs of Californians. Plans to expand Highway 37 through critical marsh and tidal habitats include spending more than \$400 million to widen a state road that is projected to be partially underwater due to climate change-induced sea level rise within ten years of its completion, on top of a more than \$6 billion, multi-decade project to build an elevated causeway. While the elevated causeway may be an appropriate investment in the climate resilience of California’s transportation system, the additional \$400 million in near-term road widening undermines California’s commitments to climate leadership during a decade in which every dollar counts.

Additionally, there are multiple projects, with a combined estimated state investment of over \$529 million, expanding State Route 99 in South Central Fresno, Matheny Tract, and Pixley, despite disadvantaged communities’ consistent concerns about increased air pollution, facilitation of industrial development, and displacement due to highway and interchange expansions. In spite of these negative impacts on nearby residents, the projects continue to move forward, [at great taxpayer expense](#). California cannot meet its climate and equity goals while it continues to build projects that exacerbate existing environmental injustices and increase freight and passenger vehicle emissions.

The Yolo 80 Corridor Improvement Project, currently under environmental review, proposes to spend over \$200 million to widen I-80 across a roughly 20-mile stretch reaching from west of Davis across the Yolo Bypass Wildlife Area into West Sacramento. According to the project's draft EIR, it would induce over 180 additional VMT annually, enough to generate over a million metric tons of CO<sub>2</sub> by 2050. In studying the project, Caltrans overlooked multiple viable alternatives that would meet project purpose and need without adding lanes, and existing plans mitigate less than half the project's induced VMT.

California cannot continue to waste money on projects that both harm communities and undermine its climate targets. Instead, these projects should be stopped, and funding should be reallocated to transportation programs that benefit disadvantaged communities, take meaningful action on climate change, and create healthy transportation options for all.

### **Increase Share of State Highway Account Spending on Clean, Community-Centered Transportation Infrastructure**

Given the recent growth and flexibility of the State Highway Account (SHA), **we request a multi-year funding commitment that ensures at least 50% of the funds go to VMT-reducing projects while prioritizing investments in California's most burdened communities.** The SHA is the primary state resource that sustains and increases our dependence on automobiles. In particular, the State Transportation Improvement Program (STIP) consistently conflicts with our climate and VMT goals by overwhelmingly expanding roads and freeways to increase the speed of motor vehicles. Addressing SHA allocations should be one of the first steps in the transition to a cleaner and more equitable transportation system and should be incorporated into the Climate Action Plan for Transportation Infrastructure (CAPTI). The SHA should specifically fund Complete Streets and traffic calming infrastructure on our State Transportation Network (STN). Complete Streets have become a key policy directive for our state's transportation leaders in meeting climate and mobility goals, but there is no dedicated funding to support such infrastructure improvements.<sup>4</sup> In more rural communities, zero-emission rideshare and vanpool programs and other forms of non-traditional mobility programs should be expanded through the SHA so that residents are not dependent on car ownership. In some of the most densely populated parts of our state, Bus Rapid Transit (BRT) and other forms of transit priority treatments should be added to our most congested freeways.

The SHA is the leading state transportation resource that actively burdens and harms marginalized communities and residents. Transportation investments in low-income communities from the SHA too often harm vulnerable residents by subjecting them to unhealthy air or fueling displacement pressures. California's recent experience dedicating a share of cap-and-trade auction revenues to benefit disadvantaged communities (SB 535 [2012], de León, and AB 1550 [2016], Gomez) has shown the value of that model which, by meeting the needs of underserved and overburdened residents and protecting them from harm, has contributed to a healthier environment and climate, and to economic prosperity for all. If our SHA investments are going to provide low-income families with affordable, accessible, and

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<sup>4</sup> Complete Streets have been emphasized as a particular investment strategy in CAPTI, California Transportation Plan 2050, Executive Orders N-19-19 and N-79-20, and Caltrans' DP-37.

safe transportation options that protect them from pollution and displacement, future transportation investment priorities should include needs identified by residents of communities that have been displaced by past transportation investments and who continue to bear the burdens of transportation infrastructure while receiving little or no meaningful benefit.

### **Conclusion: Funding For Public and Active Transportation Aligns With the State’s Goals**

A shift from the reflexively building highways, major roadways, and interchange expansions to creating new, sustainable systems is long overdue. There is a huge demand for active and public transportation infrastructure across California in both urban and rural communities. We don’t have another 10 or 20 years to get it right. This shift should preserve the long-term trend of increasing transportation infrastructure investment writ large while continuing to accelerate progress toward aligning the full breadth of that investment with our pollution-reduction and equity goals. A substantial increase in funding for public and active transportation, particularly in ways that benefit disadvantaged urban, suburban, and unincorporated communities, will ensure that those are not just viable options but safe and appealing ways for Californians to get to work, school, healthcare, shopping, dining, entertainment, and more. We need to deliver on California’s promise to reduce climate pollution from its transportation sector by prioritizing and encouraging all clean modes of transportation.

We know that you share these goals and look forward to working with you to ensure that the 2024-2025 budget includes sufficient funding to build the community-enhancing, climate-friendly, public and active transportation infrastructure California desperately needs and which a climate-adapted transportation system requires.

Sincerely,

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