

4

Financial Summary

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One of the most important elements of the Plan is to ensure that the cost of our investments in the region can be balanced with and supported by the revenues we receive.

4.1

Paying Our Way Forward



This chapter identifies revenues SCAG expects to be available to support surface transportation investments identified in Connect SoCal. The SCAG region has secured resources necessary to support transportation investments detailed in past Plans, and our current financial plan will continue to meet milestones to implement Connect SoCal.

The financially constrained Connect SoCal includes both a “traditional” core revenue forecast comprising existing local, state and federal sources—and a separate forecast of more innovative, but reasonably available, sources of revenue to implement a program of improvements to keep people and goods moving.

The financial plan further documents progress since past Plans and describes steps to obtain revenues for implementing the region’s transportation vision.

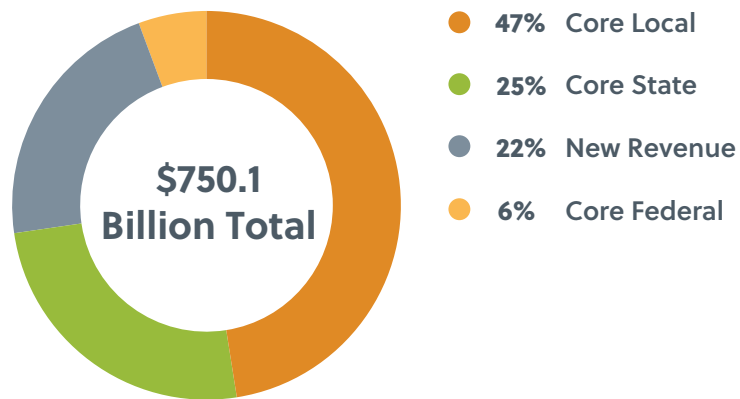
FINANCIAL FORECAST

Revenue Sources

The SCAG region’s financially constrained Connect SoCal plan includes revenues from both core and new reasonably available revenue sources—which together total \$750.1 billion from FY2024–25 through FY2049–50, as illustrated in FIGURE 4.1. For core sources, the Plan is funded 61 percent by local sources, 32 percent by state sources and 7 percent by federal sources. As shown in FIGURE 4.2, capital projects

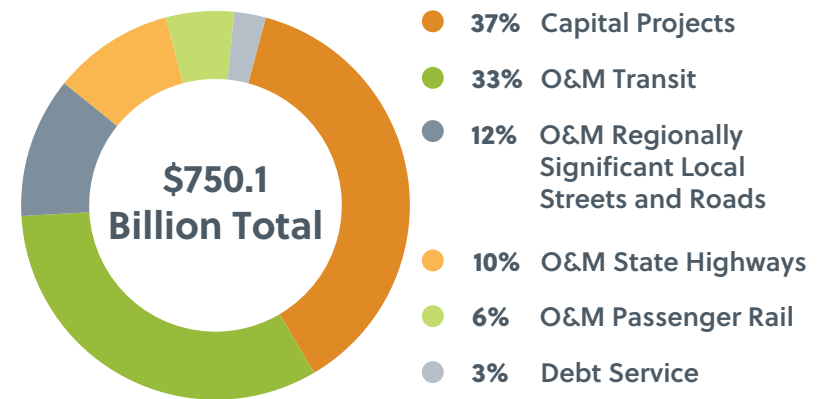
total \$280.2 billion in nominal (i.e., year-of-expenditure) dollars. Operating and maintenance costs total \$450.1 billion, while debt service obligations total \$19.7 billion. Transit-related costs comprise the largest share of operations and maintenance costs for the region, totaling \$244.5 billion.

FIGURE 4.1 FY2025–FY2050 RTP/SCS Revenues (in Nominal Dollars, Billions)



Note: Numbers may not sum to total due to rounding
 Source: SCAG Financial Model 2023

FIGURE 4.2 FY2025–FY2050 RTP/SCS Expenditures (in Nominal Dollars, Billions)



Note: Numbers may not sum to total due to rounding
 Source: SCAG Financial Model 2023

The financial plan highlights the importance of finding new and pioneering ways to pay for transportation, including an ever-expanding backlog of projects necessary to preserve our existing transportation system. Nationally, we continue to face an insolvency crisis with the Federal Highway Trust Fund, which is funded by excise taxes on fuel. The federal gas tax remains unchanged since 1993, and fuel tax receipts have declined precipitously as fuel efficiency has increased. In 2021, on a broad bipartisan basis, the United States Congress passed the Infrastructure Investment and Jobs Act (IIJA), which provides a substantial influx of new federal funding through new and existing programs. However, the IIJA expires in FY2025–26 and has been touted as a “once in a generation” investment in our nation’s transportation system. California’s passage of the Road Repair and Accountability Act of 2017 (Senate Bill 1) provides a significant influx of new state revenue through a state gas tax increase and other transportation fees, yet only a fraction of our needs is funded through state sources. Our region continues to rely heavily on local sources of tax revenue. Eight county-level, local option sales tax measures in the region are the key reason that local sources generate 58 percent of core revenues for transportation improvements. Our region’s success in providing local sources of transportation funding also increases our ability to secure federal and state funding that requires local contribution.

Our region has faced multiple changes in recent years that present challenges for funding and financing the transportation system, but also opportunities that could help us transition to a future with more stable and sustainable sources of transportation funding. The COVID-19 pandemic has had a significant impact on travel patterns and economic activity, and it remains to be seen to what degree our recovery will lead to a “new normal” in the region. Recent increases in inflation and concerns about a recession may impact people’s spending and travel habits in the short term, and the need for resiliency could greatly increase the magnitude of investments needed to maintain and preserve the transportation system. For the financial plan, we strive to forecast long-term financial consistency while closely monitoring the impact of recent changes.

It is vital that we find new ways to make transportation funding more sustainable in the long term. Efforts are underway to explore how we can transition from our current system, based on fuel taxes, toward a more direct system of user fees. User fees are linked directly to how people travel. They can support our infrastructure needs and promote a more balanced transportation system by encouraging residents and visitors to consider the effects that their travel choices have on the larger transportation ecosystem. User fees can be structured and implemented to serve as a critical tool for advancing environmental, economic and equity-related goals, including reducing traffic congestion and vehicle miles traveled, while encouraging increased uptake of active transportation modes and boosting transit ridership. In our region, numerous policy and technical studies have been conducted on the subject. However, more work is planned to examine and demonstrate the viability of user-fee systems, including toll networks, mileage-based user fees to replace fuel taxes, and congestion pricing zones that levy fees based on time-of-day and congestion levels. Connect SoCal includes these user fee–based funding strategies to support system management, preservation and resilience, and to contribute to the region’s greenhouse gas reduction goals. SCAG further considers the potential equity concerns that accompany user fee policies and assumes mitigation measures, such as the establishment of a mobility equity fund. This can provide resources that can increase access for priority equity communities, particularly transportation equity zones (TEZs).

In 2022, SCAG conducted the Mobility Innovations and Pricing (MIP) project, which focused on the potential equity implications of road pricing and other innovative transportation policies in the SCAG region. Developed in the context of SCAG’s MIP project, TEZs are a way to analyze the impacts of mobility innovations for communities experiencing transportation-related burdens. The MIP study showed that a pricing strategy, done the right way, can be a tool to help underserved communities. In particular, the MIP project focused on equity mitigation strategies intended to adjust the parameters of a pricing program to prioritize those that may be most adversely impacted. In addition to subsidies and payment accessibility considerations, credits were explored—transportation credits to specific communities that can be applied to any mode of transportation. Credits can be deployed to incentivize sustainable trips and can be targeted geographically or demographically, together with investment in robust mobility options. SCAG continues to conduct research on supporting policies that focus on designing an equitable transportation system, including setting the framework for Universal Basic Mobility for the SCAG region.

**LET’S GET TECHNICAL**

For more details, turn to the Transportation Finance Technical Report.

4.2

Economic Outlook

SCAG assesses trends and other factors to inform the key assumptions in its financial model. This work provides clarity as to what revenues will be available to support the region's surface transportation investments. For Connect SoCal to meet the federal fiscal constraint requirement, there must be sufficient revenue available to support expenditures.



TRENDS

Overview

SCAG's financial model reflects historical growth trends and reasonable future expectations for key revenue sources. These include:

- Inflation
- Construction cost increases
- Retail sales growth
- Fuel consumption
- Status of the Federal Highway Trust Fund
- Status of the State Highway Account
- Local sales tax measures
- Multimodal system preservation and maintenance

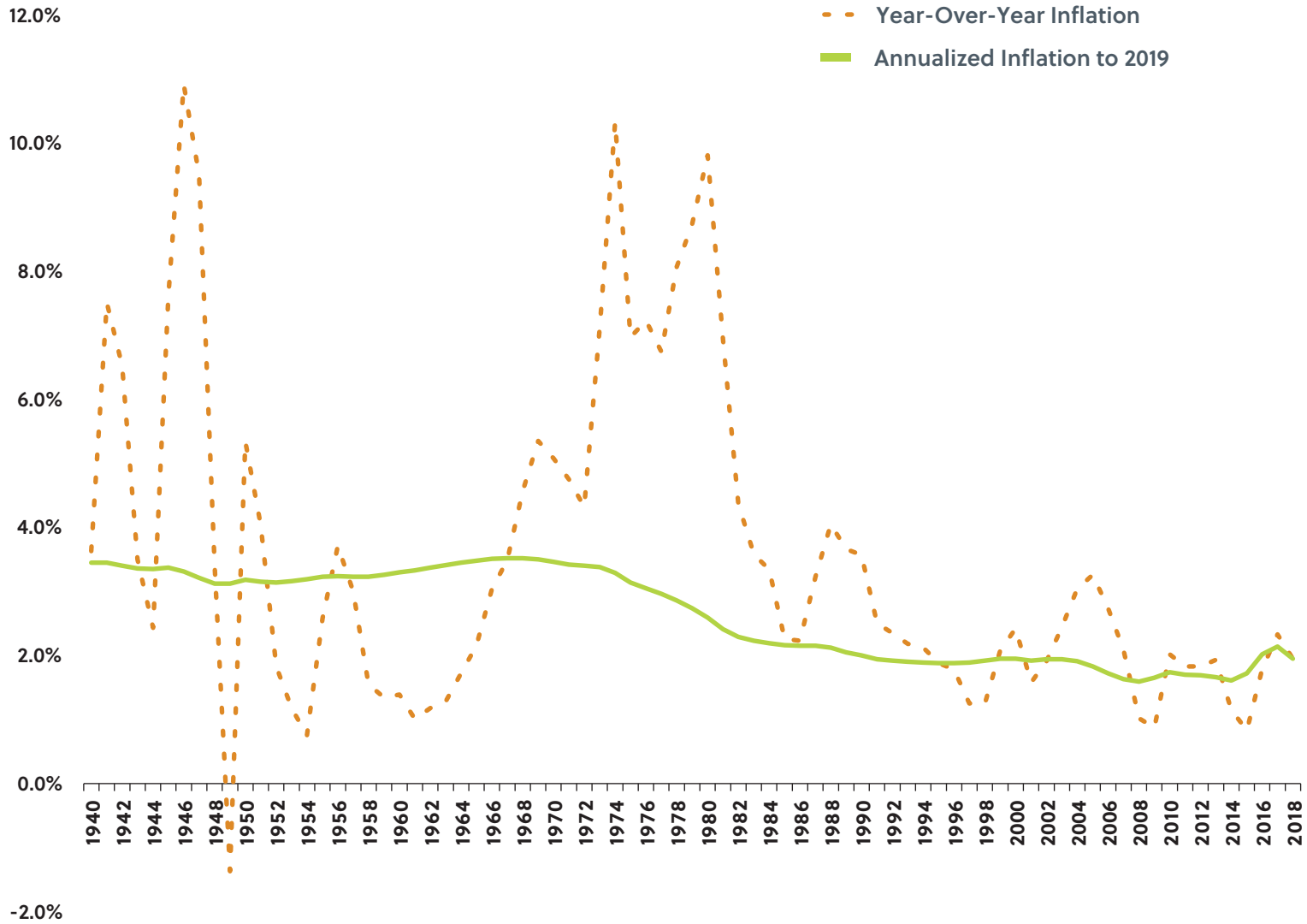
Inflation

Inflation can have profound impacts over the long-term time horizon of the Plan. SCAG's revenue model accounts for historical inflation trends, as measured by the Gross Domestic Product (GDP) Price Deflator metric and the Consumer Price Index. FIGURE 4.3 shows the trends in inflation by the GDP Price Deflator. Although inflation rates have varied considerably over time, they have generally trended between two and four percent. Accordingly, a 2.3 percent inflation rate is used to adjust constant dollar (revenue) forecasts into nominal (or year-of-expenditure) dollars.

Construction Cost Increases

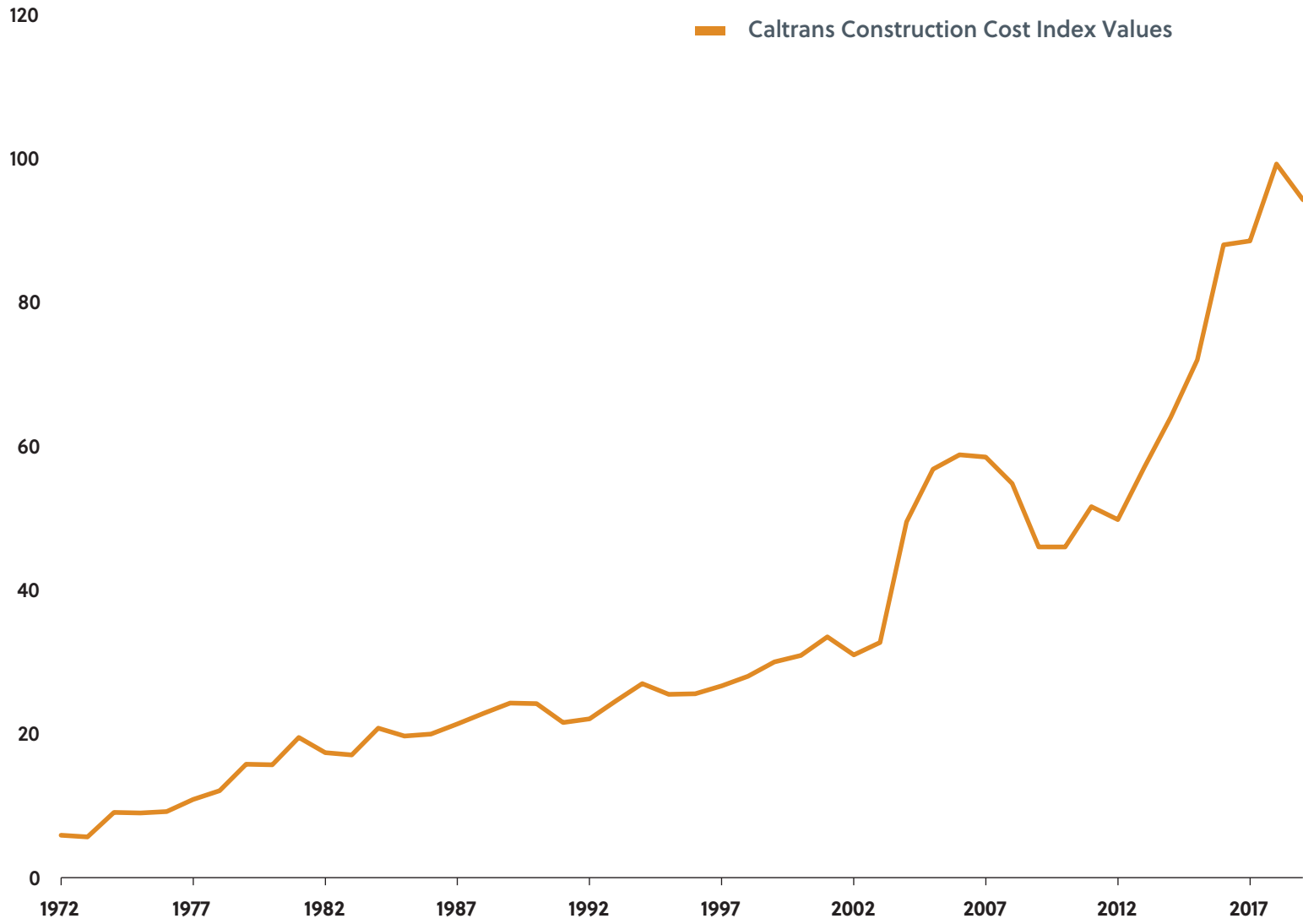
The rise in construction costs can further erode the purchasing power of transportation revenues. FIGURE 4.4 shows changes in California highway construction costs since the early 1970s, which is well above general inflation. The financial plan uses a 4.6 percent annual escalation factor to estimate future and nominal (or year-of-expenditure) costs. Given the differential between long-term inflation (2.3 percent annually) and capital cost escalation, the purchasing power of transportation revenue sources is expected to decrease by over 70 percent by the end of the planning period.

FIGURE 4.3 Historical Inflation Trends (Annual Inflation)



Source: Congressional Budget Office and Federal Highway Administration

FIGURE 4.4 Caltrans Construction Cost Index Values, 1972–2019 (2020 = 100)



Source: California Department of Transportation

Retail Sales Growth

Changes in personal consumption patterns and overall population are the main contributors to the growth in retail sales. Suppressed consumer spending during the initial pandemic period resulted in significant declines in retail sales. Likewise, recessions and economic slowdowns also reduce personal consumption. Over the 30-year period from FY1985–86 to FY2015–16, statewide retail sales grew by 1.5 percent annually in real terms (when the effects of inflation are eliminated). The financial plan assumes retail sales growth in the SCAG region ranging from 1.0 percent to 3.3 percent annually in real terms consistent with historical trends.

Fuel Consumption

Excise taxes on gasoline and diesel fuels are the basis of most federal and state transportation funding sources. Since these taxes are based on cents-per-gallon purchased, they depend on fuel consumption. Though changes in regional vehicle miles traveled will continue to play a role during the Plan period, increases in conventional fuel efficiency and the adoption of alternative fuel and alternative-powered vehicles will reduce overall fuel consumption. The financial plan assumes that increases in vehicle fuel efficiency and the shift to zero-emission vehicles due to implementation of the California Air Resources Board's (CARB) Advanced Clean Cars II regulations—which ban the sale of new, gasoline-powered passenger cars, trucks and SUVs in California beginning in 2035—will reduce fuel consumption by 3.6 percent per year during the Plan period. Additionally, CARB's Advanced Clean Fleets regulations, which has the goal of achieving a zero-emissions truck and bus fleet in California by 2045, will reduce transportation revenue that is dependent on the consumption of diesel fuel. Some estimates suggest

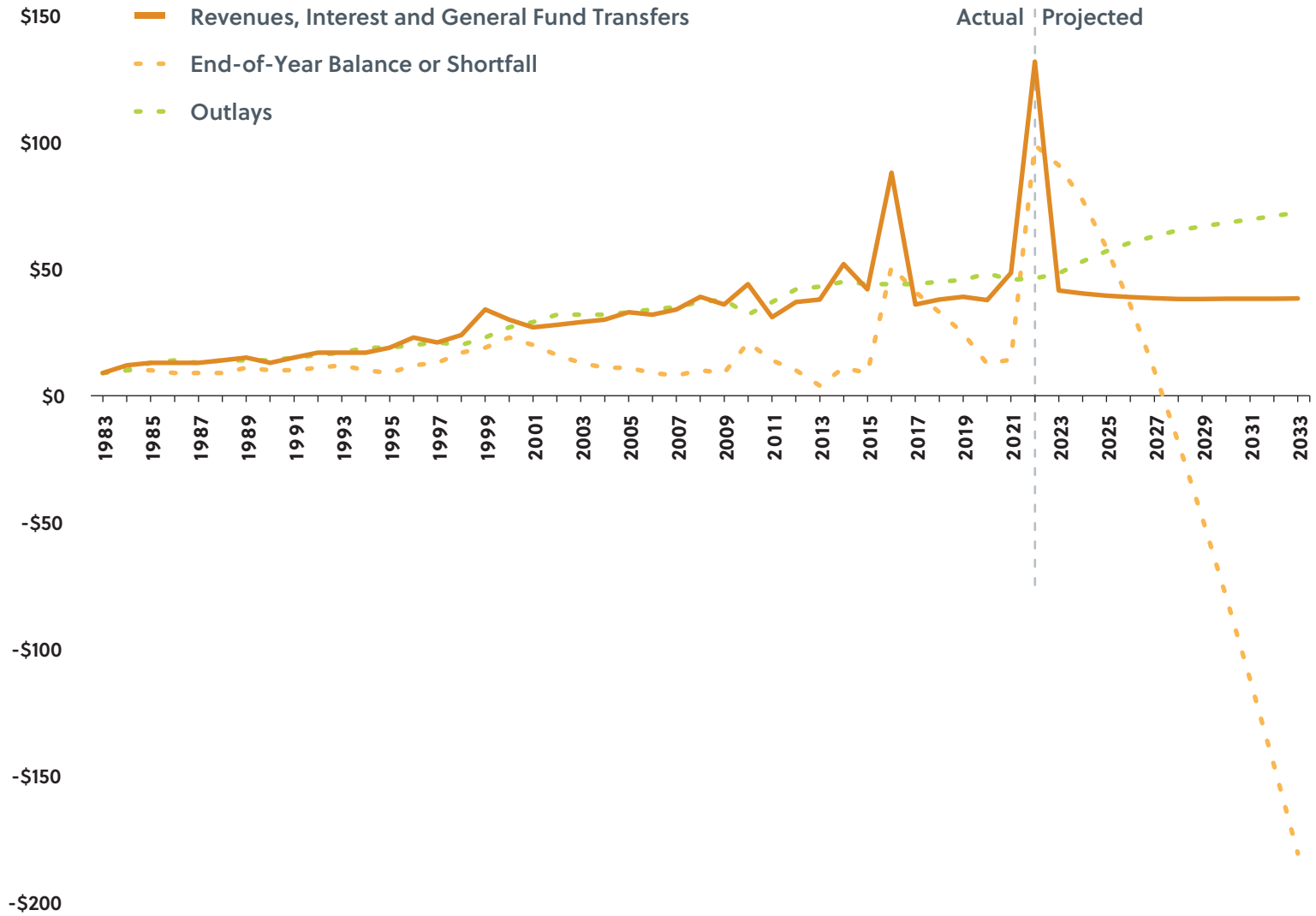
that large-scale fleet conversion to zero-emission vehicles could result in up to a 75 percent loss of fuel tax revenues for the region. Senate Bill 1 increased state fuel tax rates and will index these taxes to inflation in future years using the California Consumer Price Index (CPI). Senate Bill 1 did not entirely account for the increases in conventional fuel efficiency and the adoption of alternative fuel and powered vehicles.

Status of the Federal Highway Trust Fund

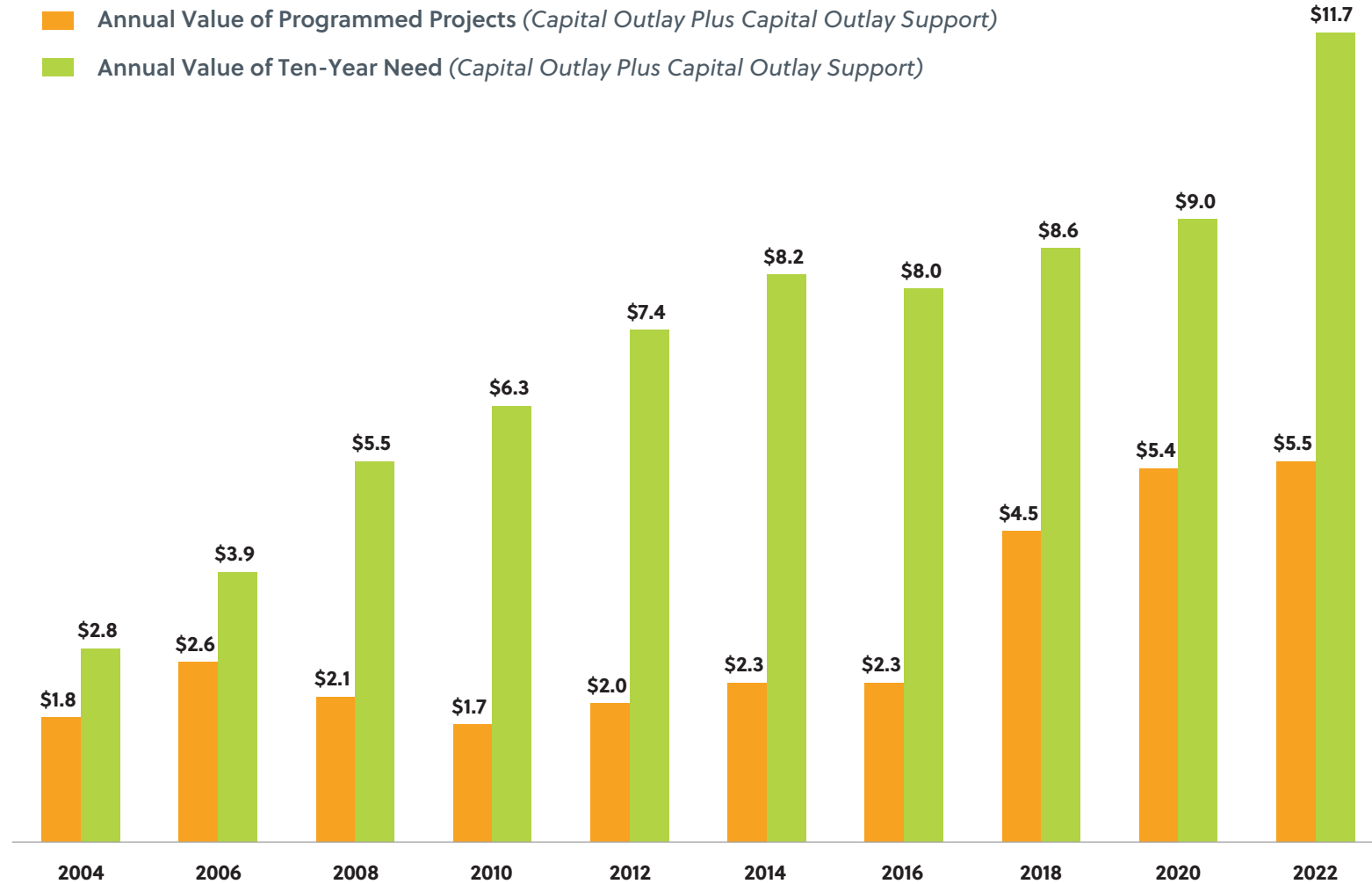
The Federal Highway Trust Fund provides federal highway and transit funding from a nationally imposed 18.3 cent-per-gallon gasoline excise tax. Since 2008, the Trust Fund has failed to meet its obligations and has required the United States Congress to make transfers from the General Fund to keep it solvent. The negative balances shown in FIGURE 4.5 illustrate the projected inability of the Trust Fund to pay its obligations into the highway account.

At the time of the Connect SoCal Plan, three decades have passed without substantive Congressional agreement on a long-term solution for providing adequate funding for the Trust Fund. IIJA relies on a one-time transfer of General Fund revenues to extend the near-term solvency of the Trust Fund through 2027. It does not address the present, long-term structural deficiency that exists in funding the Trust Fund. Although the financial plan assumes that Congress will reach agreement on reauthorizing federal spending for transportation programs over the Connect SoCal horizon, the core revenues available from the Trust Fund are expected to decline due to increasing fuel efficiency and other factors.

FIGURE 4.5 Status of the Federal Highway Trust Fund (\$ Billions)



Source: Congressional Budget Office and Federal Highway Administration

FIGURE 4.6 Status of the State Highway Operation and Protection Program (SHOPP)

Source: California Department of Transportation

Status of the State Highway Account

Senate Bill 1 increased the gas excise tax by 12 cents per gallon to 47.3 cents per gallon (as of July 1, 2019) and further indexed the gas tax to inflation going forward. As of July 1, 2023, the state gas excise tax is set at 58 cents per gallon. Prior to passage of Senate Bill 1, the state gas excise tax rate of 18 cents per gallon remained unadjusted for more than 20 years. Gas tax revenues remain the primary source of funding for the State Highway Operation and Protection Program (SHOPP), which funds projects to maintain the state highway system. As shown in FIGURE 4.6, previous levels of funding have been considerably less than actual needs. Statewide, the 2021 Ten-Year SHOPP Plan identifies \$116.8 billion in ten-year statewide needs, while available statewide funding is only \$55.3 billion. While Senate Bill 1 provides a key down payment, continued underinvestment in the maintenance needs of the state highway system will only increase the cost of bringing our highway assets back to a state of good repair.

Local Sales Tax Measures

The SCAG region continues to rely heavily on local sales tax measures for the timely delivery of transportation projects. While most counties impose a 0.5 percent sales tax to fund transportation projects, Los Angeles County effectively imposes a permanent 2 percent sales tax (a combination of four 0.5 percent sales taxes: Proposition A, Proposition C, Measure R and Measure M) as Measure M increases from 0.5 to 1.0 percent upon the expiration of Measure R. Riverside County's Measure A expires in 2039. Measure I in San Bernardino County expires in 2040, followed by Orange County's Measure M in 2041. Measure D in Imperial County expires in 2050. Ventura County is the only county in the region without a dedicated sales tax for transportation.

Multimodal System Preservation and Maintenance

Future transit and passenger rail operations and maintenance costs depend on a variety of factors, such as future revenue miles of service, labor contracts and the age of rolling stock. Over the nearer term, the COVID pandemic and initial recovery have resulted in greater uncertainty about service levels, as transit and passenger rail operators responded to significant ridership losses and associated drops in farebox revenues. For Connect SoCal, transit and passenger rail operations and maintenance costs are estimated based upon historical increases. The regional average annual increase (3.3 percent) is used for most operators. These forecasts are consistent with historical data.

Although the passage of Senate Bill 1 provided much-needed funding for system preservation, the condition of local streets and roads continue to require additional funding beyond our means, and we are unable to significantly improve roadways from their current conditions. As we shift to a zero-emission transportation system, there will be a greater decline of transportation revenue sources that are dependent on fuel taxes, further deteriorating pavement and bridge conditions.

TABLE 4.1 Multimodal System Preservation and Maintenance Needs (in Nominal Dollars, Billions)

SYSTEM	NEEDS INCLUDED IN ESTIMATE	TOTAL COST
Transit	Operations and Maintenance (O&M) Existing Service; O&M Service Expansion; O&M Major New Service; Preservation	\$244.5
Passenger Rail	O&M Existing Service; O&M Service Expansion; O&M Major New Service; Preservation	\$42.6
Regionally Significant Local Streets and Roads*	Pavement; Essential Components; Bridges; Goods Movement Corridors; Active Transportation Safety Improvements	\$87.7
State Highways	Bridges, Pavement, Roadside; Mobility, Collision Reduction; Mandates, Facilities; Emergency Response	\$75.4
TOTAL		\$450.1

* Includes \$8.8 billion for active transportation

Note: Numbers may not sum to total due to rounding

Source: SCAG Financial Model 2023

4.3

Revenues and Expenditures



The SCAG financial plan summarizes federal, state and local revenue sources to pay for transportation, system preservation and improvements over the next 25 years. This section details the region’s reasonably available revenue sources and the expenditures.

SCAG relies on a financial model to forecast revenues over the entire Connect SoCal planning horizon and includes forecasted expenditures for capital improvements, operations and maintenance of the transportation system, as well as debt repayment costs for the region.

Balancing revenues and expenditures is necessary to meet Connect SoCal’s fiscal constraint requirements. The financial plan highlights the importance of finding new and innovative ways to pay for transportation, including an ever-expanding backlog of projects to preserve our existing transportation system.

CATEGORIES

Core & Reasonably Available Revenues

The Connect SoCal financial plan includes two types of revenue forecasts. Both are included in the financially constrained Plan:

- Core revenues
- New reasonably available revenues

The core revenues identified are existing transportation funding sources projected to FY2049–50. The core revenue forecast does not include assumptions about any future increases in state or federal gas excise tax rates (other than those previously described as related to Senate Bill 1 or adoptions of new tax measures). These core revenues provide a benchmark from which additional funding can be identified.

Federal guidelines also permit the inclusion of new revenues that are reasonably available in the financial plan. Further, the Plan includes strategies for ensuring the availability of these new transportation funding and financing sources. The region's reasonably available revenues include new sources of transportation funding that are likely to materialize within the Connect SoCal timeframe. These sources include:

- Adjustments to the existing federal gas tax rates to compensate for loss of purchasing power
- Replacement of existing state and federal gas excise taxes with more direct mileage-based user fees
- Federal credit assistance and bond proceeds
- Private investment participation
- A local road charge program
- Value capture strategies

Expenditures

Transportation expenditures in the SCAG region are summarized into three main categories:

- Capital costs for transit, passenger rail, state highways, and local streets and roads (including regionally significant arterials). This category includes programmatic investments in transportation demand management (TDM), transportation system management (TSM), etc.
- Operating and maintenance costs for transit, passenger rail, state highways, and local streets and roads (including regionally significant arterials)
- Debt service payments (for current and anticipated bond issuances)

Core Revenues

SCAG's regional financial model forecasts transportation revenues over the entire Connect SoCal time horizon. The revenue model is comprehensive and provides data by county and funding source. The revenue forecast was developed using the following framework:

- Incorporate financial planning documents developed by County Transportation Commissions and transit operators in the region, where available
- Ensure consistency with local, state and federal planning documents
- Utilize published data sources to evaluate historical trends
- Conduct sensitivity testing of assumptions to augment local forecasts, as needed

The region's revenue forecast horizon for the financial plan is FY2024–25 through FY2049–50. TABLE 4.2 shows these core revenues in five-year increments by county.

TABLE 4.2 Core Revenue Forecast (in Nominal Dollars, Billions)

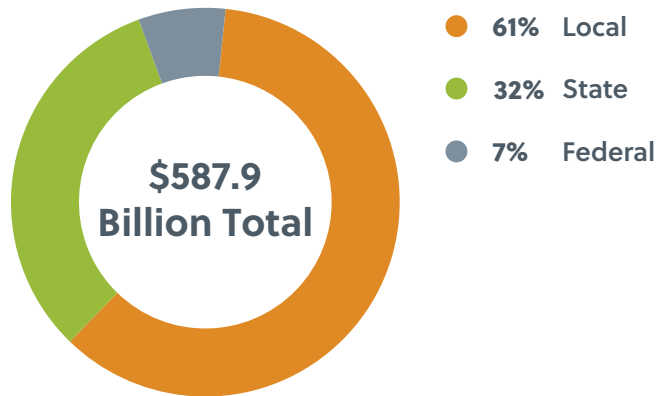
COUNTY	FY2025–FY2029	FY2030–FY2034	FY2035–FY2039	FY2040–FY2044	FY2045–FY2050	TOTAL
Imperial	\$0.6	\$0.6	\$0.7	\$0.9	\$1.4	\$4.2
Los Angeles	\$55.6	\$60.4	\$69.2	\$80.0	\$111.6	\$376.8
Orange	\$13.2	\$14.8	\$17.6	\$18.3	\$25.1	\$88.9
Riverside	\$8.9	\$9.7	\$11.5	\$10.8	\$16.0	\$56.9
San Bernardino	\$6.9	\$7.4	\$8.7	\$8.8	\$12.6	\$44.5
Ventura	\$2.4	\$2.5	\$2.9	\$3.5	\$5.2	\$16.6
Total	\$87.6	\$95.4	\$110.7	\$122.3	\$172.0	\$587.9

Note: Numbers may not sum to total due to rounding

Source: SCAG Financial Model 2023

**FIGURE 4.7 Core Revenues
(in Nominal Dollars)**

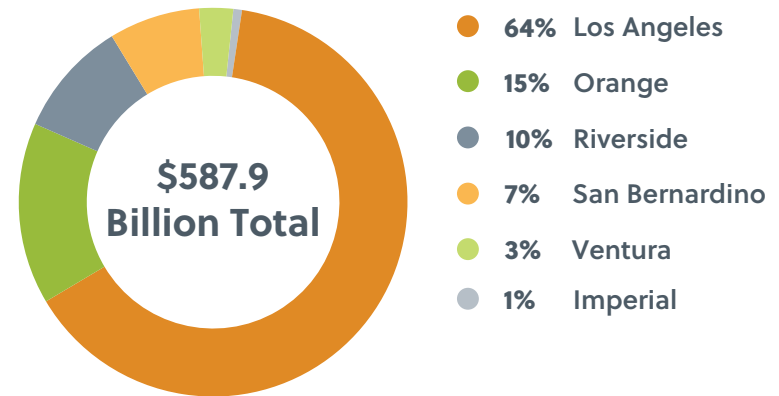
The majority of core revenues in the SCAG region come from local sources (61 percent). The share of state sources (32 percent) is relatively unchanged since the last RTP/SCS.



Note: Numbers may not sum to total due to rounding
 Source: SCAG Financial Model 2023

**FIGURE 4.8 Core Revenues by County
(in Nominal Dollars)**

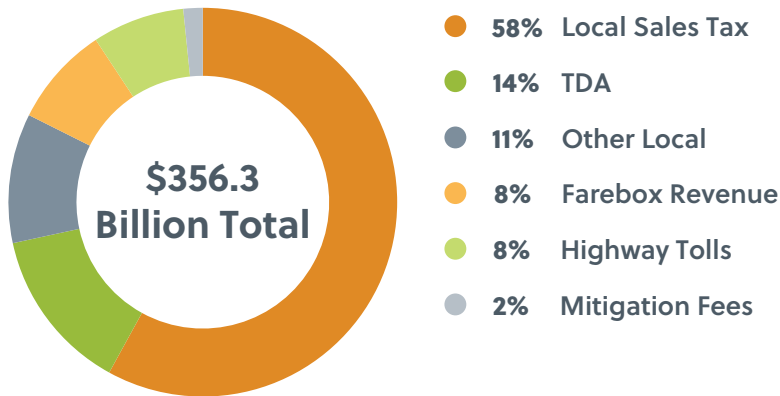
This figure shows the breakdown of core revenues by county. With four local sales tax measures, Los Angeles County accounts for 64 percent of the core revenue funding available in the SCAG region.



Note: Numbers may not sum to total due to rounding
 Source: SCAG Financial Model 2023

**FIGURE 4.9 Core Revenues, Local Sources
(in Nominal Dollars)**

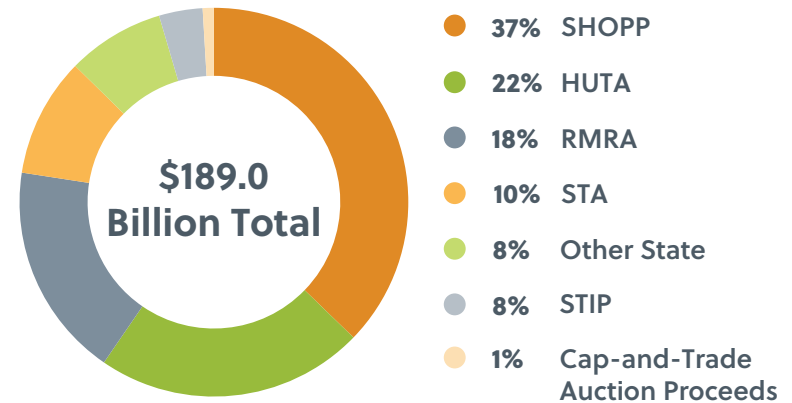
Local sales taxes provide the largest single source of local core revenue funding. These taxes account for more than half (58 percent) of local core revenue sources in the Plan.



Note: Numbers may not sum to total due to rounding
 Source: SCAG Financial Model 2023

**FIGURE 4.10 Core Revenues, State Sources
(in Nominal Dollars)**

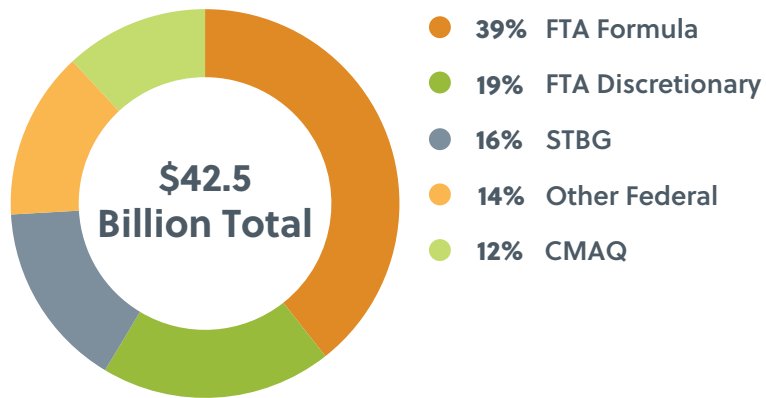
The SHOPP is the single largest source of state core revenue funding (37 percent), followed by the two other sources most influenced by Senate Bill 1: the Highway User Tax Account (HUTA) (22 percent) and the Road Maintenance and Rehabilitation Account (RMRA) (18 percent). Together, these three sources account for more than three-quarters of the state core revenue funding available.



Note: Numbers may not sum to total due to rounding
 Source: SCAG Financial Model 2023

FIGURE 4.11 Core Revenues, Federal Sources (in Nominal Dollars)

Federal sources are expected to comprise a small portion of overall transportation funds (\$41 billion or seven percent share of core revenues). This is consistent with past Plans. Federal Transit Administration (FTA) funds account for 61 percent of federal core revenue funding in the SCAG region. The financial plan also assumes that Congestion Mitigation and Air Quality (CMAQ) funding will decline over the life of the Plan due to the region achieving attainment for a number of criteria pollutants and reducing the severity level of others.



Note: Numbers may not sum to total due to rounding
Source: SCAG Financial Model 2023

New Reasonably Available Revenues

There are several new funding sources that are reasonably expected to be available for Connect SoCal. The following guiding principles were used for identifying reasonably available revenues:

- Establish a user fee–based system that better reflects the true cost of transportation, provides firewall protection for new and existing transportation funds, and ensures an equitable distribution of costs and benefits
- Pursue funding tools that promote access to opportunity and support economic development through innovative mobility programs
- Promote national and state programs that include return-to-source guarantees while maintaining flexibility to reward regions that continue to commit substantial local resources
- Leverage locally available funding with innovative financing tools (e.g., tax credits and expansion of the Transportation Infrastructure Finance and Innovation Act [TIFIA]) to attract private capital and accelerate project delivery
- Promote local funding strategies that maximize the value of public assets while improving mobility, sustainability and resilience

TABLE 4.3 identifies categories of new and innovative funding sources that are considered to be reasonably available and are included in the financially constrained Plan. These sources were identified on the basis of their potential for revenue generation, historical precedence and the likelihood of their implementation within the time frame of Connect SoCal. For each funding source, SCAG has examined the policy and legal context of implementation and has prepared an estimate of the potential revenues generated. The implementation of road-user charges, in particular, will require further collaboration with the U.S. Department of Transportation, the California State Transportation Agency, the California Transportation Commission, Caltrans, business and other key parties on the California Road Charge Pilot Program to address key implementation factors. These factors include technology and associated privacy issues, cost of implementation and administrative methods for fee collection/revenue allocation and potential equity concerns. Equity concerns can be addressed through enhanced transportation alternatives for transit-dependent populations and discounts for impacted low-income populations. Connect SoCal assumes the establishment of a Mobility Equity Fund to cover the cost of rebates, credits or discounts for general mobility expenses, including user fees/tolls, parking charges, transit fares and new mobility options.



LET'S GET TECHNICAL

Additional documentation of funding sources included in the financial plan is provided in the Transportation Finance Technical Report.

TABLE 4.3 New Reasonably Available Revenue Sources (in Nominal Dollars, Billions)

REVENUE SOURCE	DESCRIPTION	AMOUNT	ACTIONS TO ENSURE AVAILABILITY	RESPONSIBLE PARTY(IES)
Federal Gas Excise Tax Adjustment to Maintain Historical Purchasing Power	Additional \$0.185 per gallon gasoline tax imposed at the federal level starting in 2029 to 2034 (indexed to inflation)—to maintain purchasing power.	\$7.6	Requires action of Congress. Strategy is consistent with recommendations from two national commissions to move immediately with augmenting fuel tax resources through conventional Highway Trust Fund mechanisms.	Congress
Mileage-Based User Fee (Replacement)	Mileage-based user fees would be implemented to replace gas taxes—estimated at about \$0.025 (in 2019 dollars) per mile starting in 2035 and indexed to maintain purchasing power. (Note: Total at right is estimated for increment only.)	\$48.0	Requires state enabling legislation and action of Congress. In 2017, California successfully conducted a legislatively mandated pilot program to study the feasibility of a road charge as a replacement to the gas tax, and is currently pursuing next-step studies. The FAST Act establishes the Surface Transportation System Funding Alternatives program, which provides grants to states to demonstrate alternative user-based revenue mechanisms that could maintain the long-term solvency of the Trust Fund. The IIJA directed the establishment of a national per-mile road usage fee pilot program while continuing to support state-level pilots.	State Legislature, Congress
Federal Credit Assistance; Other Bond Proceeds	TIFIA/RRIF credit assistance and other bond financing, pledging new local funding (e.g., mileage-based road charge program funding) to help finance specific initiatives including SCORE.	\$2.2	Issuance of debt and TIFIA/RRIF credit agreement terms subject to County Transportation Commissions' respective board policies, and potentially the Southern California Regional Rail Authority (SCRRRA).	County Transportation Commissions and U.S. DOT Build America Bureau; other potential parties include SCRRRA.

TABLE 4.3 Continued New Reasonably Available Revenue Sources (in Nominal Dollars, Billions)

REVENUE SOURCE	DESCRIPTION	AMOUNT	ACTIONS TO ENSURE AVAILABILITY	RESPONSIBLE PARTY(IES)
Private Equity Participation	Virgin Trains USA, formerly XpressWest, to construct and operate high speed rail service from Victorville to Las Vegas along the I-15 corridor. Revenue estimate would cover construction costs for the San Bernardino County portion only. This category of funding also assumes private funding for various freight-related initiatives.	\$9.3	Contingent upon financing efforts by Virgin Train USA and necessary approvals. For freight investments, contingent upon private entities in the region, including freight railroads.	Virgin Train USA; private partners; freight railroads as may be applicable.
Local Road Charge Program	Local road charge program assumes a \$0.020 (in 2019 dollars) per mile charge throughout the region that can be implemented on a county basis. This can be adjusted by time-of-day and location with congestion pricing and/or parking pricing at major activity centers. For analysis, also assumed congestion pricing (peak period charges) in parts of Los Angeles County, increases in parking pricing at major job centers and additional toll revenue from planned express lane segments.	\$92.2	Requires state enabling legislation for at least two components: mileage-based user fees and congestion pricing. Parking pricing would be subject to local policies.	MPO, CTCs, Caltrans and FHWA as may be applicable; local jurisdictions.
Value Capture Strategies	Assumed the use of EIFDs and tax increment financing (TIF) to support investment in transit supportive housing infrastructure needs.	\$3.0	Pursue necessary approvals for district formation and TIF.	Local jurisdictions

Assumptions by Revenue Source

TABLE 4.4 (4.4.1–4.4.4) describes the specific revenue assumptions used for the financially constrained Connect SoCal

TABLE 4.4.1 Core and New Reasonably Available Revenue Projections: Local Core Revenue Sources (in Nominal Dollars, Billions)

REVENUE SOURCE	REVENUE PROJECTION ASSUMPTIONS	REVENUE ESTIMATE
LOCAL CORE REVENUE SOURCES		
Local Option Sales Tax Measures	<p>Description: Locally imposed 0.5 percent sales tax in four counties (Imperial, Orange, Riverside, and San Bernardino). Permanent 2 percent (combination of two permanent 0.5 percent sales taxes, Measure R through 2039, and Measure M, which will increase from 0.5 percent to 1 percent upon the expiration of Measure R) in Los Angeles County. Measure D in Imperial County expires in 2050; Measure M in Orange County expires in 2041; Measure A in Riverside County expires in 2039; and Measure D in San Bernardino County expires in 2040.</p> <p>Assumptions: Sales taxes grow consistent with county transportation commission forecasts and historical trends.</p>	\$206.6
Transportation Development Act (TDA)—Local Transportation Fund	<p>Description: The Local Transportation Fund (LTF) is derived from a ¼ cent sales tax on retail sales statewide. Funds are returned to the county of generation and used mostly for transit operations and transit capital expenses.</p> <p>Assumptions: Same sales tax growth rate as used for local option sales tax measures.</p>	\$48.5
Transit Farebox Revenue	<p>Description: Transit fares collected by transit operators in the SCAG region.</p> <p>Assumptions: Farebox revenues increase consistent with historic trends, planned system expansions and operator forecasts.</p>	\$29.7



LET'S GET TECHNICAL

A more detailed discussion of revenue sources is included in the Transportation Finance Technical Report.

TABLE 4.4.1 Continued Core and New Reasonably Available Revenue Projections: Local Core Revenue Sources (in Nominal Dollars, Billions)

REVENUE SOURCE	REVENUE PROJECTION ASSUMPTIONS	REVENUE ESTIMATE
LOCAL CORE REVENUE SOURCES		
Highway Tolls (in core revenue forecast)	<p>Description: Revenues generated from toll roads operated by the Transportation Corridor Agencies (TCA), from the SR-91 Express Lanes operated by the Orange County Transportation Authority (OCTA) and Riverside County Transportation Commission (RCTC), and from the MetroExpress Lanes along I-10 and I-110 in Los Angeles County.</p> <p>Assumptions: Toll revenues grow consistent with County Transportation Commission forecasts and historical trends.</p>	\$27.3
Mitigation Fees	<p>Description: Revenues generated from development impact fees. The revenue forecast includes fees from the Transportation Corridor Agency (TCA) development impact fee program, San Bernardino County's development impact fee program and Riverside County's Transportation Uniform Mitigation Fee (TUMF) for both the Coachella Valley and Western Riverside County.</p> <p>Assumptions: The financial forecast is consistent with revenue forecasts from the San Bernardino County Transportation Commission (SBCTA).</p>	\$5.7
Other Local Sources	<p>Description: Includes local revenue sources such as general funds, transit advertising and auxiliary revenues, lease revenues, and interest and investment earnings from reserve funds. For Los Angeles County, interest income from Propositions A and C and Measure R are included under this source. Income from financing is also included, while principal and interest payments are included as part of debt service.</p> <p>Assumptions: Revenues are based on financial data from transit operators and local County Transportation Commissions.</p>	\$38.4
LOCAL SUBTOTAL		\$356.3

Note: Numbers may not sum to total due to rounding
Source: SCAG Financial Model 2023

TABLE 4.4.2 Core and New Reasonably Available Revenue Projections: State Core Revenue Sources
(in Nominal Dollars, Billions)

REVENUE SOURCE	REVENUE PROJECTION ASSUMPTIONS	REVENUE ESTIMATE
STATE CORE REVENUE SOURCES		
State Transportation Improvement Program (STIP)	<p>Description: The STIP is a five-year capital improvement program that provides funding from the State Highway Account (SHA) for projects that increase the capacity of the transportation system. The SHA is funded through a combination of state gas excise tax, the Federal Highway Trust Fund and truck weight fees. The STIP may include projects on state highways, local roads, intercity rail or public transit systems. The Regional Transportation Planning Agencies (RTPAs) propose 75 percent of STIP funding for regional transportation projects in Regional Transportation Improvement Programs (RTIPs). Caltrans proposes 25 percent of STIP funding for interregional transportation projects in the Interregional Transportation Improvement Program (ITIP).</p> <p>Assumptions: Funds are based upon the 2022 STIP Fund Estimate. Forecasted fuel consumption declines in real terms by 3.6 percent annually, due to increasing fuel efficiency and the increased adoption of alternative fuel vehicles. However, this decline is partially offset for State Core Revenue sources by Road Improvement Fee (RIF) revenues, resulting in an effective annual decline of 0.07 percent that is used to forecast state revenue programs funded by state fuel tax revenues.</p>	\$6.9
State Highway Operation and Protection Plan (SHOPP)	<p>Description: Funds state highway maintenance and operations projects.</p> <p>Assumptions: Short-term revenues are based on overlapping 2020 and 2022 SHOPP programs. Long-term forecasts are consistent with STIP forecasts and assume decline in fuel consumption. As with the HUTA and STA, a portion of SHOPP revenues are indexed due to passage of SB 1, which offsets the effect of the increase in fuel efficiency.</p>	\$70.4
Highway Users Tax Account (HUTA)	<p>Description: Gas tax revenue apportionments distributed via the HUTA to counties and cities in the region.</p> <p>Assumptions: The forecast is based on current funding levels reported by the State Controller. Future funding declines with fuel consumption using assumptions consistent with other state sources.</p>	\$42.2
Road Maintenance and Rehabilitation Account (RMRA)	<p>Description: The RMRA was established by SB 1 and is funded by new diesel and gas excise taxes, a transportation improvement fee and electric vehicle fee. Although the RMRA also provides SHOPP funding, for purposes of the 2020 RTP/SCS financial plan, it only reflects the portion directed to counties and cities.</p> <p>Assumptions: SB 1 indexes the sources for RMRA, offsetting the decline due to increasing fuel efficiency.</p>	\$33.8

TABLE 4.4.2 Continued Core and New Reasonably Available Revenue Projections: State Core Revenue Sources (in Nominal Dollars, Billions)

REVENUE SOURCE	REVENUE PROJECTION ASSUMPTIONS	REVENUE ESTIMATE
STATE CORE REVENUE SOURCES		
State Transit Assistance Fund (STA)	<p>Description: The STA is funded by diesel sales taxes and the transportation improvement fee established under SB 1. SB 1 also created a State of Good Repair Program associated with the STA, which for purposes of this financial plan are included in the STA figures.</p> <p>Assumptions: The forecast is based on current funding levels reported by the State Controller. Future funding declines with fuel consumption, using assumptions consistent with other state sources, but is offset by SB 1 indexing using assumptions consistent with other sources.</p>	\$18.8
Cap-and-Trade Auction Proceeds	<p>Description: The Global Warming Solutions Act of 2006 (AB 32) established the goal of reducing greenhouse gas (GHG) emissions statewide to 1990 levels by 2020. To help achieve this goal, the California Air Resources Board (CARB) adopted a regulation to establish a cap-and-trade program that places a “cap” on the aggregate GHG emissions from entities responsible for roughly 85 percent of the state’s GHG emissions. As part of the cap-and-trade program, ARB conducts quarterly auctions where it sells emission allowances. Revenues from the sale of these allowances fund projects that support the goals of AB 32, including transit and rail investments. Funds associated with non-transportation and high-speed rail are not included in this amount.</p> <p>Assumptions: The forecast is based on current funding levels reported by the State Controller for the Low Carbon Transit Operations Program and award lists as reported by Caltrans. Given the uncertainty about future allowance prices, annual growth is assumed to be flat and is assumed to end after 2030.</p>	\$1.8
Other State Sources	<p>Description: Other state sources include remaining SB 1 competitive program awards; the Active Transportation Program (ATP); and other miscellaneous state grant apportionments for the SCAG region.</p> <p>Assumptions: Short-term revenues are based on actual apportionments. Future Active Transportation Program funding increases over the Plan period as the fuel consumption decline is offset by anticipated fuel price increases.</p>	\$15.3
STATE SUBTOTAL		\$189.0

Note: Numbers may not sum to total due to rounding
Source: SCAG Financial Model 2023

TABLE 4.4.3 Core and New Reasonably Available Revenue Projections: Federal Core Revenue Sources (in Nominal Dollars, Billions)

REVENUE SOURCE	REVENUE PROJECTION ASSUMPTIONS	REVENUE ESTIMATE
FEDERAL CORE REVENUE SOURCES		
FHWA Non-Discretionary Congestion Mitigation and Air Quality (CMAQ) Program	<p>Description: Program to reduce traffic congestion and improve air quality in non-attainment areas.</p> <p>Assumptions: Short-term revenues are based upon the Caltrans apportionment estimates. Long-term revenues assume that fuel consumption declines by 3.6 percent (in real terms) annually. CMAQ funding is assumed to be reduced by 25 percent in 2032, an additional 25 percent in 2037 and an additional 25 percent in 2042 due to improved air quality.</p>	\$5.1
FHWA Non-Discretionary Surface Transportation Block Grant (STBG)	<p>Description: Projects eligible for STBG funds include rehabilitation and new construction on any highways included in the National Highway System (NHS) and Interstate Highways (including bridges). Transit capital projects, as well as intracity and intercity bus terminals and facilities, are also eligible.</p> <p>Assumptions: Short-term revenues are based upon the Caltrans apportionment estimates. Future funding declines with fuel consumption, using assumptions consistent with other federal sources.</p>	\$6.6
FTA Formula Programs 5307 Urbanized Area Formula, 5310 Enhanced Mobility of Seniors and Individuals with Disabilities Formula, 5311 Rural Formula, 5337 State of Good Repair Formula, 5339 Bus and Bus Facilities Formula, and 5340 Growing States and High-Density States Formula	<p>Description: This includes a number of FTA programs distributed by formula. 5307 is distributed to state urbanized areas with a formula based upon population, population density, number of low-income individuals, transit revenue and passenger miles of service. Program funds capital projects, planning, job access, reverse commute projects and operations costs under certain circumstances. 5310 funds are allocated by formula to states for projects providing enhanced mobility to seniors and persons with disabilities. 5311 provides capital, planning and operating assistance to states to support public transportation in rural areas with populations less than 50,000. 5337 is distributed based on revenue and route miles, and provides funds for repairing and upgrading rail transit systems and high-intensity bus systems that use High-Occupancy Vehicle (HOV) lanes, including bus rapid transit (BRT). 5339 provides capital funding to replace, rehabilitate and purchase buses and related equipment and construct bus-related facilities. 5340 was established by SAFETEA-LU to apportion additional funds to the Urbanized Area Formula and Rural Area Formula programs—recipients of funds are existing Urbanized Area (Section 5307) and Rural Area (Section 5311) formula fund recipients.</p> <p>Assumptions: Formula funds are assumed to decline in proportion with the Federal Highway Trust Fund. Future funding declines with fuel consumption using assumptions consistent with other federal sources.</p>	\$16.7

TABLE 4.4.3 Continued Core and New Reasonably Available Revenue Projections: Federal Core Revenue Sources (in Nominal Dollars, Billions)

REVENUE SOURCE	REVENUE PROJECTION ASSUMPTIONS	REVENUE ESTIMATE
FEDERAL CORE REVENUE SOURCES		
FTA Non-Formula Program 5309 Fixed Guideway Capital Investment Grants (“New Starts”)	<p>Description: Provides grants for new, fixed guideways or extensions to fixed guideways (projects that operate on a separate right-of-way exclusively for public transportation or that include a rail or a catenary system), bus rapid transit projects operating in mixed traffic that represent a substantial investment in the corridor, and projects that improve capacity on an existing fixed-guideway system.</p> <p>Assumptions: Operators are assumed to receive FTA discretionary funds in rough proportion to what they have received historically. Future funding declines with fuel consumption using assumptions consistent with other federal sources.</p>	\$8.2
Other Federal Sources	<p>Description: Includes other federal programs, such as the BUILD and INFRA competitive grant programs, Highway Safety Improvement Program, Federal Safe Routes to School, Highway Bridge Program and earmarks—as well as other new federal transportation programs created under the Infrastructure Investment and Jobs Act (IIJA).</p> <p>Assumptions: Short-term revenues are based on actual apportionments. Future funding declines with fuel consumption using assumptions consistent with other federal sources.</p>	\$5.9
FEDERAL SUBTOTAL		\$42.5

Note: Numbers may not sum to total due to rounding
Source: SCAG Financial Model 2023


TABLE 4.4.4 Core and New Reasonably Available Revenue Projections: New Reasonably Available Revenue Sources (in Nominal Dollars, Billions)

REVENUE SOURCE	REVENUE PROJECTION ASSUMPTIONS	REVENUE ESTIMATE
NEW REASONABLY AVAILABLE REVENUE SOURCES		
Federal Gas Excise Tax Adjustment	<p>Description: Additional 18.5-cents-per-gallon gasoline tax imposed by the federal government starting in 2029 through 2034.</p> <p>Assumptions: Forecast consistent with historical tax rate adjustments for federal gas taxes.</p>	\$7.6
Mileage-Based User Fee (Replacement)	<p>Description: Mileage-based user fees would be implemented to replace existing gas taxes (state and federal) by 2035.</p> <p>Assumptions: It is assumed that a national mileage-based user fee system would be established during the latter years of the RTP/SCS. An estimated \$0.025 per mile (in 2019 dollars) is assumed starting in 2035 to replace existing gas tax revenues.</p>	\$48.0
Federal Credit Assistance; Other Bond Proceeds	<p>Description: Credit assistance/debt financing is assumed to facilitate construction of regional initiatives, pledging new regional/local funding via road charge program.</p> <p>Assumptions: It is assumed that some credit assistance in the form of TIFIA/RRIF will be needed to facilitate implementation of key regional initiatives. Assumed aggregate level debt service using an interest rate of 2.3 percent over 35 years.</p>	\$2.2

TABLE 4.4.4 Continued Core and New Reasonably Available Revenue Projections: New Reasonably Available Revenue Sources (in Nominal Dollars, Billions)

REVENUE SOURCE	REVENUE PROJECTION ASSUMPTIONS	REVENUE ESTIMATE
NEW REASONABLY AVAILABLE REVENUE SOURCES		
Private Equity Participation	<p>Description: Virgin Trains USA, formerly XpressWest, to construct and operate high-speed rail service from Victorville to Las Vegas along the I-15 corridor.</p> <p>Assumptions: Revenue estimate reflects only the San Bernardino County segment costs.</p>	\$9.3
Local Road Charge Program	<p>Description: Local road charge program assumes a per-mile charge across the region that can be implemented on a county basis. This can be adjusted by time-of-day and location with congestion pricing and/or parking pricing at major activity centers. For analysis, also assumed congestion pricing in parts of Los Angeles County, increases in parking pricing at major job centers and additional toll revenue from planned express lane segments.</p> <p>Assumptions: Assumes a charge of \$0.020 per mile (in 2019 dollars) starting in 2035; peak period congestion charges in parts of Los Angeles County; some increases in parking costs at major job centers assumed starting in 2029 and additional toll revenue from planned express lane segments beginning in 2025.</p>	\$92.2
Value Capture Strategies	<p>Description: Formation of EIFDs and use of tax increment financing for transit-supportive housing-related infrastructure.</p> <p>Assumptions: Based on recent EIFD/tax increment financing studies to fund improved infrastructure in Transit Priority Areas.</p>	\$3.0
NEW REVENUE SOURCE SUBTOTAL		\$162.2

Note: Numbers may not sum to total due to rounding
Source: SCAG Financial Model 2023



Finding new ways to make transportation funding more sustainable in the long term is vital. Efforts are underway to explore transition from our current fuel tax-based system based to a more direct system of road user fees. User fees are linked directly to how people travel and can support infrastructure needs for a balanced transportation system that encourages people to consider effects of their travel choices on the larger transportation ecosystem.

Summary of Revenue Sources and Expenditures

TABLE 4.5.1 presents the SCAG region's revenue forecast by source in five-year increments, from FY2024–25 through FY2049–50. This is followed by TABLE 4.5.2, which provides details of the region's expenditures by category in five-year increments.

TABLE 4.5.1 FY2025–FY2050 RTP/SCS Revenues (in Nominal Dollars, Billions)

REVENUE SOURCE	FY2025– FY2029	FY2030– FY2034	FY2035– FY2039	FY2040– FY2044	FY2045– FY2050	TOTAL
LOCAL SOURCES	\$51.4	\$60.2	\$70.0	\$74.0	\$100.6	\$356.3
Sales Tax	\$38.0	\$44.4	\$51.5	\$52.2	\$69.1	\$255.2
– Local Option Sales Tax Measures	\$31.7	\$37.0	\$42.5	\$41.6	\$53.8	\$206.6
– Transportation Development Act (TDA)—Local Transportation Fund	\$6.2	\$7.5	\$8.9	\$10.6	\$15.3	\$48.5
Transit Farebox Revenue	\$3.8	\$4.6	\$5.4	\$6.5	\$9.4	\$29.7
Highway Tolls (in core revenue forecast)	\$3.1	\$3.9	\$4.9	\$6.1	\$9.4	\$27.3
Mitigation Fees	\$0.8	\$0.9	\$1.1	\$1.2	\$1.7	\$5.7
Other Local Sources	\$5.7	\$6.4	\$7.2	\$8.1	\$11.0	\$38.4
STATE SOURCES	\$23.9	\$26.8	\$33.1	\$41.5	\$63.8	\$189.0
State Transportation Improvement Program (STIP)	\$0.7	\$1.0	\$1.2	\$1.5	\$2.4	\$6.9
– Regional Transportation Improvement Program (RTIP)	\$0.7	\$0.8	\$1.0	\$1.3	\$2.0	\$5.7
– Interregional Transportation Improvement Program (ITIP)	\$0.1	\$0.2	\$0.2	\$0.3	\$0.4	\$1.1
State Highway Operation and Protection Plan (SHOPP)	\$7.8	\$9.9	\$12.5	\$15.8	\$24.4	\$70.4
Highway Users Tax Account (HUTA)	\$4.7	\$5.9	\$7.5	\$9.4	\$14.6	\$42.2
Road Maintenance and Rehabilitation Account (RMRA)	\$3.7	\$4.7	\$6.0	\$7.6	\$11.7	\$33.8
State Transit Assistance Fund (STA)	\$2.1	\$2.7	\$3.3	\$4.2	\$6.4	\$18.8
Cap-and-Trade Auction Proceeds	\$1.4	\$0.3	\$0.0	\$0.0	\$0.0	\$1.8
Other State Sources	\$3.3	\$2.3	\$2.6	\$3.0	\$4.2	\$15.3

TABLE 4.5.1 Continued FY2025–FY2050 RTP/SCS Revenues (in Nominal Dollars, Billions)

REVENUE SOURCE	FY2025– FY2029	FY2030– FY2034	FY2035– FY2039	FY2040– FY2044	FY2045– FY2050	TOTAL
FEDERAL SOURCES	\$12.2	\$8.4	\$7.5	\$6.8	\$7.5	\$42.5
Federal Transit	\$5.6	\$5.1	\$4.8	\$4.5	\$5.0	\$24.9
– Federal Transit Formula	\$3.9	\$3.4	\$3.2	\$3.0	\$3.3	\$16.7
– Federal Transit Non-Formula	\$1.7	\$1.7	\$1.6	\$1.5	\$1.7	\$8.2
Federal Highway & Other	\$6.6	\$3.3	\$2.8	\$2.4	\$2.6	\$17.6
– Congestion Mitigation and Air Quality (CMAQ)	\$1.6	\$1.3	\$0.9	\$0.6	\$0.6	\$5.1
– Surface Transportation Block Grant (STBG)	\$1.5	\$1.3	\$1.3	\$1.2	\$1.3	\$6.6
– Other Federal Sources	\$3.5	\$0.6	\$0.6	\$0.6	\$0.6	\$5.9
NEW REASONABLY AVAILABLE REVENUE SOURCES	\$8.9	\$12.0	\$37.0	\$43.1	\$61.1	\$162.2
Federal Gas Excise Tax Adjustment	\$1.1	\$6.4	\$0.0	\$0.0	\$0.0	\$7.6
Mileage-Based User Fee (Replacement)	\$0.0	\$0.0	\$10.6	\$15.1	\$22.3	\$48.0
Federal Credit Assistance; Other Bond Proceeds	\$0.4	\$0.4	\$0.4	\$0.4	\$0.5	\$2.2
Private Equity Participation	\$5.8	\$1.5	\$1.3	\$0.0	\$0.7	\$9.3
Local Road Charge Program	\$1.0	\$3.1	\$24.1	\$27.1	\$36.9	\$92.2
Value Capture Strategies	\$0.6	\$0.6	\$0.6	\$0.6	\$0.7	\$3.0
REVENUE TOTAL	\$96.4	\$107.4	\$147.7	\$165.5	\$233.1	\$750.1

Note: Numbers may not sum to total due to rounding
Source: SCAG Financial Model 2023

TABLE 4.5.2 FY2025–FY2050 RTP/SCS Expenditures (in Nominal Dollars, Billions)

RTP COSTS	FY2025– FY2029	FY2030– FY2034	FY2035– FY2039	FY2040– FY2044	FY2045– FY2050	TOTAL
CAPITAL PROJECTS AND OTHER PROGRAMS	\$46.7	\$47.2	\$52.9	\$57.3	\$76.2	\$280.2
Arterials	\$7.1	\$5.4	\$5.7	\$3.2	\$3.8	\$25.2
Goods Movement (including Grade Separations)	\$8.2	\$6.7	\$9.7	\$18.0	\$22.9	\$65.4
High-Occupancy Vehicle/Express Lanes	\$3.1	\$2.5	\$3.7	\$1.0	\$1.1	\$11.4
Mixed-Flow and Interchange Improvements	\$3.0	\$2.9	\$1.1	\$2.5	\$2.4	\$11.9
Transportation System Management (including ITS)	\$1.1	\$1.3	\$2.0	\$2.7	\$4.9	\$11.9
Transit	\$9.4	\$13.9	\$8.2	\$7.0	\$14.0	\$52.5
Passenger Rail	\$10.6	\$10.3	\$8.9	\$7.4	\$7.8	\$45.0
Active Transportation*	\$0.8	\$1.4	\$7.3	\$8.9	\$10.8	\$29.2
Transportation Demand Management	\$1.5	\$1.5	\$3.8	\$4.4	\$5.7	\$16.9
Other**	\$1.9	\$1.3	\$2.5	\$2.3	\$2.8	\$10.9
OPERATIONS AND MAINTENANCE	\$44.8	\$55.6	\$90.4	\$105.1	\$154.1	\$450.1
State Highways	\$7.8	\$9.9	\$14.0	\$17.3	\$26.3	\$75.4
Transit	\$26.3	\$32.5	\$48.0	\$55.8	\$81.8	\$244.5
Passenger Rail	\$3.2	\$3.9	\$7.4	\$10.2	\$17.9	\$42.6
Regionally Significant Local Streets and Roads	\$7.5	\$9.3	\$21.0	\$21.7	\$28.2	\$87.7
DEBT SERVICE	\$4.9	\$4.6	\$4.3	\$3.0	\$2.7	\$19.7
COST TOTAL	\$96.4	\$107.4	\$147.7	\$165.5	\$233.1	\$750.1

* Includes \$8.8 billion for active transportation in addition to capital project investment of \$29.2 billion for a total of \$38 billion for active transportation improvements

**Includes Mobility Equity Fund, Regional Advance Mitigation and Others; Source: SCAG Financial Model 2023

Note: Numbers may not sum to total due to rounding