

Summary of the 2017-18 Enacted Budget for Transportation

The 2017-18 Budget signed by Governor Brown on June 27, 2017 authorizes \$11.9 billion and 19,021 positions for the California Department of Transportation (Caltrans). This represents an increase of approximately \$2.2 billion and a decrease of 23 positions from 2016-17, and is primarily due to the Road Repair and Accountability Act of 2017 created in Senate Bill (SB) 1. For a detailed breakout of positions and expenditures by Program, please see the table included on the last page of this summary.

Transportation Funding Reform

After continued effort on the part of the Governor and Legislature to address the state's transportation funding shortfall, SB 1 was signed in April. This comprehensive funding package includes a combination of new taxes and fees, accelerated loan repayments and cost-saving reforms. It is expected to generate an average of \$5.2 billion in new transportation revenue annually, divided between state and local transportation priorities. These priorities include funding for the State Highway Operations and Protection Program (SHOPP) and Maintenance projects to repair roadways; additional resources for transit and intercity rail; funding for corridor mobility projects; and investments in freight.

Overview of the Annual Budgetary Process

The State Constitution requires the Governor to submit a budget to the Legislature by January 10, after which time both the Senate and Assembly separately review and make adjustments to the Proposal. During this period, the Department of Finance forwards adjustments to the Legislature via Finance Letters by April 1. Further adjustments are made as part of the May Revision, and the Legislature often waits until after this point to make final budget decisions on major programs in the form of the Budget Bill. Each house approves a Budget Bill, which is then passed to the other house for consideration. Once agreement is reached in both houses on the Budget Bill, it is sent to the Governor for signature. The Constitution allows the Governor to reduce or remove an item through a line-item veto.

Implementation of the Road Repair and Accountability Act

Plan – The Enacted Budget includes a total of approximately \$1.4 billion in local and capital funding for projects in multiple transportation programs in accordance with SB 1. Affected programs include the Local Partnership Program, California Freight Investment Program, Transit and Intercity Rail Capital Program, Active Transportation Program, Congested Corridor Program, and State Highway Operation and Protection Program (SHOPP). This includes \$593.0 million for capital projects and \$854.6 million for local assistance. This will ensure that local and capital appropriation levels for 2017-18 match the newly-anticipated revenues created by SB 1.

Workload – The Enacted Budget includes \$477.8 million and 243 positions to support the Department's initial tasks for implementation of SB 1. To support the initial implementation of SB 1, the COS Program increased by 112 positions; the Planning Program increased by 75 positions to develop Project Initiation Documents (PIDs); the Maintenance Program increased by 48 positions; and 8 positions are to perform administrative functions. In consultation with the California Transportation Commission (CTC), Caltrans will assess SB 1 programs and reforms, and identify efficiencies and opportunities to streamline processes.

Inspector General and Independent Office of Audits and Investigations – The Enacted Budget establishes the Independent Office of Audits and Investigations and provides specified powers and duties. SB 1 requires the appointment of the Inspector General to lead the Office for a six-year term, subject to confirmation by the Senate. This legislation also specifies the Inspector General will have full authority to exercise the duties and responsibilities of the Office with respect to the oversight of Caltrans and external entities receiving state and federal transportation funds from Caltrans. The Inspector General is required to report at least annually, or upon request, a summary of his or her findings to the Governor, Legislature, and the CTC.

The Budget Bill & Trailer Bill Language

The State’s annual Budget Bill is often accompanied by trailer bill language. Specific to the 2017-18 cycle, technical changes related to SB 1 were included in a trailer bill that was signed on June 27. Additional transportation specific trailer bills are currently in process and are not included in this summary.

Budget Detail - Caltrans

The Governor’s January Budget includes detailed position and expenditure information separated out by Program. Changes that result from the Legislative process in spring often impact both positions and expenditures. These have been incorporated into the table below, and reflects the 2017-18 Caltrans budget at the time the Budget Bill was signed by the Governor.

DEPARTMENT OF TRANSPORTATION	Fiscal Year 2017-18	
	Positions	Expenditures
		<i>(\$ in millions)</i>
Aeronautics	24	\$8
Capital Outlay Support	8,030	1,802
Capital Outlay Projects	-	3,644
Local Assistance	267	2,814
Program Development	224	78
Legal	277	128
Operations	1,061	251
Maintenance	6,062	1,960
State & Federal Mass Transit	63	445
Intercity Rail Passenger Program	44	522
Statewide Planning	704	148
Regional Planning	39	127
Equipment Services Program	635	200
Equipment Services Program - Distributed	-	-200
Office of Inspector General	58	9
Administration	1,536	385
Administration - Distributed	-	-385
TOTAL POSITIONS AND EXPENDITURES	19,021	\$11,936