

# Summary of the 2017-18 May Revision for Transportation

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The fiscal year 2017-18 May Revision was released by Governor Brown on May 11, 2017. It includes four Finance Letters for the California Department of Transportation (Caltrans). Authorized expenditures total approximately \$11.9 billion and 19,021 positions. This represents an increase of approximately \$964 million and eight positions from the Governor's January Budget. In his address, Governor Brown indicated that a \$2.5 billion increase in revenue projections from his January plan will allow the state to advance some key priorities.

After successful passage of Senate Bill (SB) 1, the Road Repair and Accountability Act of 2017, the May Revision reflects the first \$2.8 billion of new funding, which will allow the state and local agencies to implement the bill's programs expeditiously and in a cost-effective manner in order to:

- Focus on "fix-it-first" investments to repair neighborhood roads and state highways and bridges.
- Make key investments in trade and commute corridors to support continued economic growth and implement a sustainable freight strategy.
- Match locally generated funds for high-priority transportation projects.
- Invest in passenger rail and public transit modernization and improvement.

## May Revision Highlights

**Capital Outlay Support (COS): Project Delivery Workload** – This Finance Letter includes a net decrease of \$29.3 million and 243 positions for the COS Program, which is based on a five-year workload projection. This does not include SB1 related work.

**Road Repair and Accountability Act Implementation Plan** – This Finance Letter includes a total of approximately \$1.5 billion in local and capital funding for projects in multiple transportation programs in accordance with SB 1. Affected programs include the Local Partnership Program, Trade Corridor Enhancement Program, Transit and Intercity Rail Capital Program, Active Transportation Program, Congested Corridor Program, and State Highway Operation and Protection Program (SHOPP). This includes \$592.8 million for capital projects and \$904.6 million for local assistance. This finance letter will ensure that local and capital appropriation levels for 2017-18 match the newly-anticipated revenues created by SB 1.

**Road Repair and Accountability Act Workload** – This Finance Letter includes \$477.8 million and 243 positions to support the Department's initial tasks for implementation of SB 1. This staffing increase offsets the 243 position baseline reduction due to annual changes to Capital Outlay Support (COS) Program workload. To support the initial implementation of SB 1, the COS Program will retain 112 positions, and 131 positions will be transferred to the following Divisions: 75 positions to develop Project Initiation Documents (PIDs); 48 positions for the Maintenance Program; and 8 positions 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. Caltrans will continue to develop revised workload estimates and make use of proposed Budget Bill language that allows for a mid-year resource adjustment.

**Road Repair and Accountability Act – Inspector General and Independent Office of Audits and Investigations** – This Finance Letter establishes the Independent Office of Audits and Investigations and provides specified powers and duties. It includes a transfer of 48 existing permanent positions from the Administration Program, and includes 10 new permanent positions for a total of 58 positions and \$9.5 million. Caltrans will redirect approximately \$8.8 million of various funds from the Administration Program and utilize \$715,000 of new funds in 2017-18.

SB 1 requires the Governor to appoint 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 through 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.