

Summary of the 2017-18 Governor's Budget for Transportation

On January 10, 2017, Governor Brown released his fiscal year 2017-18 Budget Proposal as the initial step in the budgetary process that will ultimately lead to approval of the Budget Act in June of this year. The Governor's Budget proposes \$10.9 billion in expenditures for the California Department of Transportation (Caltrans), which reflects an increase of approximately \$1.2 billion from the 2016-17 Enacted Budget.

The Governor's Budget Proposal includes increases from the 2016-17 Enacted Budget of approximately \$894 million in Capital Outlay and approximately \$237 million in Local Assistance expenditures. These increases are largely attributed to the inclusion of the Governor's Transportation Funding and Reform Package (details below). In addition, the proposal increases State Operation expenditures by approximately \$84 million, due primarily to increases for the Maintenance Program. Despite increases to expenditures, a reduction of 31 positions is proposed, the majority of which are staff for preparation of project initiation documents (PIDs). These reductions are a result of realigning staffing needs with existing workload and available resources.

Changes in Budget Category Expenditures 2016-17 Enacted vs. 2017-18 Proposed (\$ in Millions)					
Category	CY Enacted 2016-17	BY Proposed 2017-18	Change		
				\$ Change	% Change
State Operations	\$4,200	\$4,284	▲	\$84	2.0%
Capital Outlay	\$3,094	\$3,988	▲	\$894	28.9%
Local Assistance	\$2,414	\$2,651	▲	\$237	9.8%
Financing*	\$11	\$11	=	\$0	0.0%
Total	\$9,719	\$10,934	▲	\$1,215	12.5%
Positions	19,044	19,013	▼	-31	-0.2%

* Financing includes GARVEE debt service, which is categorized in the Governor's Budget as State Operations. The Governor's Budget does not reflect the carryover of GARVEE debt service expenditures that will occur in future years.

Governor's Transportation Funding and Reform Package

In a continued effort by the Governor to address the transportation infrastructure needs of the state, the 2017-18 Governor's Budget Proposal includes \$1.8 billion in dedicated resources for the Governor's Transportation Funding and Reform Package. Similar to the package introduced by the Governor in September 2015, the proposal includes a combination of new revenues, additional Cap and Trade resources, accelerated loan repayments and cost-saving reforms. Revenues will be 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 trade corridor enhancements. The package will also include funding for active transportation, local planning and match of locally generated funds. The plan will require approval by the Legislature prior to taking effect.

Budget Change Highlights

Caltrans continues to realign resources with State priorities related to the ever-changing transportation infrastructure needs. The 2017-18 Budget Change Proposals include:

Staff Reduction in Project Initiation Document (PID) Preparation – Caltrans’ Planning Program zero-bases its workload every two years in order to better align with proposed project needs. As a result, the Governor’s Budget proposes a \$4.4 million and 30 position reduction in PID resources. This reduction is primarily due to limited-term resources lapsing and a decrease in the workload associated with PIDs that the Planning Program develops and oversees for local partners.

Increased Resources to Perform Legal Work for the California High-Speed Rail Authority – Caltrans’ Legal Program is highly skilled in the legal processes and actions necessary to acquire the right-of-way needed for the California High-Speed Rail Project. The Program will receive additional reimbursement authority of \$2.3 million and 14 positions to further assist the High-Speed Rail Authority in right-of-way acquisitions.

Replace IT Hardware and Increase Security of IT Assets – The Budget includes \$12 million to replace existing IT hardware that has become obsolete. This will ensure stability and continuity of critical IT elements and prevent system failures. In addition, the budget includes an additional \$4 million and six positions for upgrades to cyber security to further protect the system from unauthorized access.