

State of California
Business, Transportation & Housing Agency
Department of Transportation

REVIEW OF GOVERNOR'S BUDGET
MAY REVISE
BUDGET REVISION ISSUES
Information Item

CTC Meeting: June 13, 2002

Prepared By:
Rick Terry
Chief
Division of Budgets
(916) 654-4556

Original Signed By:
ROBERT L. GARCIA
Chief Financial Officer
June 3, 2002

REVIEW OF GOVERNOR'S FISCAL YEAR 2002-03 BUDGET MAY REVISE

REVENUE

Public Transportation Account

Tax Exemption for Diesel Used in Farming Activities and Processing (AB 426, Stats. 2001)

- A revenue reduction of \$10.2 million due to the partial sales tax exemption for diesel used in farming activities as implemented by Board of Equalization regulations.

Decline in the revenue from the sales tax on diesel fuel:

A decrease of \$24 million due primarily to lower projected diesel fuel prices.

Traffic Congestion Relief Plan Cash Management

The May Revision to the 2002-03 Governor's Budget proposes to loan an additional \$373 million from the TCRF to the General Fund. Also, the State Highway Account will loan the General Fund \$50 million in current year (2001-02), to be repaid in 2004-05.

Current TCRF expenditures reflect a slower rate of spending than estimated in the 2002-03 Governor's Budget.

- These additional loans to the General Fund will not impact the current project schedules.

Current* (\$ in Millions)

	00-01	01-02	02-03	03-04	04-05	05-06	06-07	07-08	Totals
Payback in (Parenthesis)									
Loan to Traffic Congestion Relief Fund From State Highway Account	\$9	\$40	\$60				(\$109)		\$0
Loan to Traffic Congestion Relief Fund from Public Transportation Account		\$180	\$100					(\$280)	\$0
Loan to General Fund From Traffic Congestion Relief Fund		\$238			(\$220)	(\$30)	\$12		\$0
Apportionments to Locals from State Highway Account		\$144	\$162				(\$232)*	(\$74)*	\$0

*Payback will be through increased STIP funding in the TIF in 2006-07 and 2007-08

Proposed 2002-03 Governor's Budget

	00-01	01-02	02-03	03-04	04-05	05-06	06-07	07-08	Totals
Payback in (Parenthesis)									
Loan to General Fund from Traffic Congestion Relief Fund			\$672	(\$300)	(\$354)	(\$306)	\$183	\$105	\$0
Loan to Traffic Congestion Relief Fund From State Highway Account			\$474	(\$50)	(\$149)	(\$275)			\$0

Proposed May Revise

	00-01	01-02	02-03	03-04	04-05	05-06	06-07	07-08	Totals
Payback in (Parenthesis)									
Loan to General Fund from the Traffic Congestion Relief Fund			\$373	(\$200)	(\$76)	(\$44)	(\$48)	(\$5)	\$0
Loan to General Fund from State Highway Account		\$50			(\$50)				\$0

Aeronautics Account

To help address the effect to the General Fund of continued weakness in the stock market and the economy, the Governor proposes a one-time transfer of \$6.0 million from the Aeronautics Account to the General Fund. This transfer will leave a 5 percent State Operations budget reserve in the Aeronautics Account. The Governor proposes that the Aeronautics program size be maintained commensurate to annual revenues.

FINANCE LETTERS

The majority of the finance letters and changes included in the May Revision are technical in nature (such as proposed legislative language) or have only minor impacts to the Department. Two notable exceptions are issues relating to Capital Outlay Support workload, and the Transportation Finance Bank.

Capital Outlay Support Workload (-550 positions/-379.5 personnel years)

The May Revise included adjustments to staffing and funding for the Department's Capital Outlay Support Program (COS) to reflect workload conforming to the April 2002 State Transportation Improvement Program as adopted by the California Transportation Commission (CTC). The intent of the Administration is to administratively establish additional positions for the Capital Outlay Support Program to the extent that viable funding options (such as GARVEE bonds, AB 3090, etc.) are identified for advance delivery that would require additional staffing in the budget year. The May Revision adjustment requires changes to the following items as outlined below:

- Decrease SHA COS by \$21.977 million
- Increase Federal Trust Fund COS by \$21.3 million
- Decrease Toll Bridge Seismic Retrofit Account COS by \$34.628 million
- Decrease Seismic Retrofit Bond Fund COS by \$680,000
- Decrease Reimbursements by \$2.094 million

Transportation Finance Bank

The May Revision added \$3.0 million to establish a revolving loan program to provide flexible, short-term financing to public entities and public/private partnerships for the delivery of transportation projects in California. Caltrans received \$3.0 million in federal funds in 1997 for a revolving loan program from the National Highway System Designation Act of 1995.