

Budget Picture Much Brighter for Caltrans

New Revenue from Senate Bill 1 Eases Repair Backlog; Full Impact Yet to Come

Last year, California's transportation budget was the smallest in a decade, continuing a downward trend broken in dramatic fashion this year with the passage of a landmark transportation package that will provide a tremendous funding boost and allow Caltrans to catch up on a multibillion-dollar backlog of deferred maintenance.

The funding provided by the Road Repair and Accountability Act of 2017 (Senate Bill 1) comes from modest increases to gas and diesel taxes at the pump, and new road improvement fees assessed on vehicles at the time of registration. These new taxes and fees won't start generating revenue until later in the fiscal year. Specifically, the gas taxes start on November 1, and the new Transportation Improvement Fee won't go into effect until January 1, 2018. Because the revenue inflow from the new law won't take full effect until early 2018, the new budget for 2017-18 is not as robust as future transportation budgets will be.

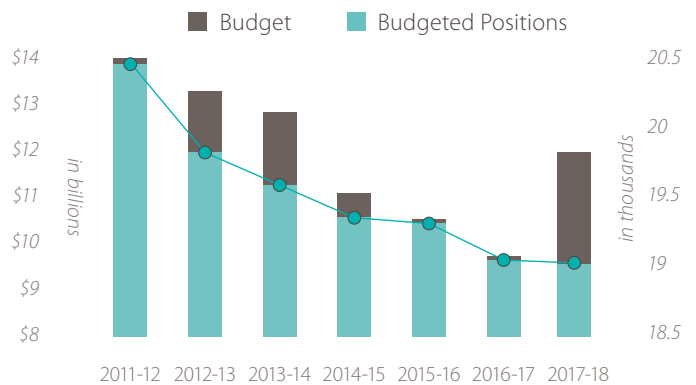
Importantly, fuel taxes and new fees will be indexed for inflation beyond 2021, and lawmakers eliminated a previous formula used to calculate fuel excise taxes that had caused unexpected fluctuations in transportation revenue. As a result, the Act stabilizes transportation funding, giving more certainty to project planning and budgeting.

The 2017-18 Budget Summary

The 2017-18 budget signed by Governor Edmund G. Brown Jr. in late June authorizes \$11.9 billion and 19,021 positions for Caltrans. This represents an increase of approximately \$2.2 billion and a decrease of 23 positions from the 2016-17 budget. Some of the increases come from traditional funding sources, but the vast majority of the new funding is made possible through SB 1.

Of the \$2.8 billion in first-year revenues and earlier loan repayments provided by SB 1, Caltrans' share comes to just over \$1.9 billion. Of this amount, \$655

Caltrans Budget & Staffing Levels Since 2011-12



million is devoted to local projects, including:

- \$330 million for Transit and Intercity Rail Program projects (including \$85 million in loan repayments);
- \$200 million for Local Partnership projects;
- \$100 million for Active Transportation (bicycle and pedestrian) Projects; and
- \$25 million for local planning grants.

The remaining \$1.3 billion is for state projects, including:

- \$446 million for highway maintenance and repairs (including \$75 million in loan repayments);
- \$400 million for bridges and culverts;
- \$250 million for congestion mitigation projects;
- \$150 million for trade corridor enhancement projects; and
- \$25 million for expanding freeway service patrols on state highways.

The budget for 2017-18 reflects significant increases in investments made possible by SB 1, but does not yet include the full benefit of the changes. Those changes will be fully evident as Caltrans prepares the upcoming 2018-19 transportation budget. The Governor's proposed budget for the state, including transportation, is set for release in January 2018. **MM**

Source: Steven Keck, Chief, Caltrans Division of Budgets