

BUSINESS, TRANSPORTATION, AND HOUSING

As currently structured, the Business, Transportation, and Housing Agency includes programs that promote the state's business and economic climate, transportation infrastructure, and affordable housing. The Agency also includes public safety programs, including the Department of Motor Vehicles, the California Highway Patrol, and the Department of Alcoholic Beverage Control. Funding for all programs exceeds \$17.2 billion, which is derived largely from special fund revenues, federal funds, and bond proceeds.

DEPARTMENT OF TRANSPORTATION

The Department of Transportation (Caltrans) has over 20,000 employees and a budget of \$11.2 billion. Caltrans designs and oversees the construction of state highways, operates and maintains the highway system, funds three intercity passenger rail routes, and provides funding for local mass transit projects. Approximately 50,000 road and highway lane miles and 12,559 state bridges are maintained, and 812 public-use and special-use airports and heliports are inspected. The largest sources of funding for transportation projects are excise taxes paid on fuel consumption, federal funds also derived from fuel taxes, and weight fees on trucks. Bond funds currently provide more than 16 percent of the total funding available. It is expected that new bond appropriations will be proposed in the spring of 2012 after the Administration has more information regarding cash needs for projects.

Proposal to Balance the Budget:

- **Weight Fee Revenue Transfer**—A transfer of \$349.5 million in weight fee revenues to the General Fund in 2012-13. The state collects a fee on commercial trucks based on the weight of the vehicle, which represents compensation for the wear and tear on the State's roads and highways. The Budget proposes to transfer existing weight fee revenue above the level needed to offset current debt service on specified general obligation transportation bonds to the General Fund. These funds will be used to offset debt service costs in the future.

Other Significant Adjustments:

- **Amtrak Cost Increase**—The Budget includes a \$13.9 million increase (growing to \$28 million in 2013-14) in payments to Amtrak for current intercity rail services provided in Southern California. These increases will reduce the amount of funding that otherwise would be available for future capital projects or increased service levels.
- **Mass Transportation Program**—The Budget includes a reduction of \$3.7 million and 41.7 positions to reflect a zero-based analysis of ongoing staffing needs. With the significant reduction of Public Transportation Account funding for capital projects, the Budget proposes a reduction in project oversight positions to appropriate levels. The Budget also proposes to streamline planning and administrative workload.

HIGH-SPEED RAIL

The High-Speed Rail Authority (Authority) is responsible for the development and construction of a high-speed passenger train service between San Francisco and Los Angeles/Anaheim (Phase I), with extensions to San Diego and Sacramento and points in-between (Phase II). Proposition 1A, enacted in November 2008, authorizes \$9 billion in bond proceeds for the rail lines and equipment, and an additional \$950 million for state and local feeder lines. The federal government also has awarded the Authority nearly \$3.5 billion, most of which has been designated to fund portions of the project in the Central Valley.

In November 2011, the Authority approved a Funding Plan and a draft Business Plan for the High-Speed Rail project. The revised Business Plan includes updated ridership assumptions, revised cost estimates, and additional funding options. Proposition 1A provides a 90-day review period to evaluate the Authority's Funding Plan before capital

funding can be proposed. The Department of Finance is conducting a comprehensive review of the Funding Plan. The Administration will propose a complete capital outlay and support funding plan early in 2012.

Significant Adjustment:

- Administrative Staffing and Support—The Budget proposes to fund \$6.8 million for some of the contract activities and additional staff the Authority will need in 2012-13 to support legal analysis, accounting, personnel, procurement, grant administration, and information technology, as well as environmental planning, program management oversight, and financial consulting. The Budget proposes a total of \$15.9 million for support of the Authority, which will be revised early in 2012. Regardless of the specifics of the capital proposal, these resources are necessary to enable the Authority to more effectively develop and manage the project.

DEPARTMENT OF MOTOR VEHICLES

The Department of Motor Vehicles (DMV) promotes driver safety by licensing drivers, and protects consumers and ownership security by issuing vehicle titles and regulating vehicle sales. The Budget proposes \$967 million, all from non-General Fund sources, and 8,441 positions for support of the DMV.

Significant Adjustments:

- The Budget proposes \$4.4 million to increase efficiencies in field offices. The DMV will modernize both its customer flow and appointment systems to minimize the amount of time customers wait. Technology improvements can encourage customers to use the field offices during non-peak times, and the automated written tests will reduce the amount of time it takes to administer knowledge tests. The automated test system will eventually result in a reduction in field office staff.
- The Budget proposes a \$5 discount to customers who use the mail or internet for routine vehicle registration renewals, which will result in savings for the DMV by moving customers from more costly field offices to less expensive methods of renewing vehicle registrations. It is estimated that this will result in an annual savings to vehicle owners of approximately \$100 million statewide.