The Transportation Agency is responsible for developing and coordinating the policies and programs of the state’s transportation entities to improve the mobility, safety, and environmental sustainability of California’s transportation system.

The Department of Transportation (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 transportation projects. Caltrans maintains 50,000 highway lane miles and nearly 13,000 state-owned bridges, and inspects more than 400 public-use and special-use airports and heliports. California continues to face considerable challenges in its ability to fund critical maintenance and repair of its core transportation infrastructure—state highways, local roads, and bridges.

During the last decade, transportation investments were directed primarily to decreasing traffic congestion, expediting goods movement, funding local streets and roads projects, and increasing transit facilities (see Figure TRN-01). Although the repair, maintenance, and efficient operation of the state’s highway system is vital to California’s continued economic growth, these aspects have largely been overlooked and current resources do not provide enough funding to support annual maintenance and repair needs of this vast system. Of the $8 billion in annual highway repair needs, the current fuel excise tax revenues are only sufficient to fund $2.3 billion, leaving $5.7 billion in unfunded repairs each year based on the latest estimate of the state’s deferred maintenance.
Efforts at converting California vehicles to sustainable fuel sources, and making vehicles more fuel-efficient, have continued to reduce greenhouse gas emissions. However, one consequence of this success is lower long-term fuel excise tax revenues—the state’s primary source of funding for the maintenance and repair of its transportation infrastructure. While the state is accelerating the pilot program to explore a potential mileage-based revenue collection system, or Road Usage Charge, implementation of a broader statewide program is not likely for a number of years.

The California Transportation Infrastructure Priorities workgroup, convened by the Transportation Agency, continues to meet to prioritize transportation investments and explore pay-as-you go funding alternatives to address the state’s infrastructure needs. The Administration is also working with the Legislature on its proposals in an effort to develop a funding package by year end.

In considering new funding sources, the state must focus on the priorities that are the state’s core responsibility—maintaining and operating the state’s network of highways and interstates, and improving the highest priority freight corridors. Funding should
come from pay-as-you-go transportation user fees, and be sustainable as gasoline consumption falls. Any solution for addressing the long-term needs of the state’s highway system must reflect the state’s economic development and environmental objectives, focus on repair and maintenance, invest in trade corridors, and complement local efforts that generate revenues for roads. Any new funding generated should also have performance objectives measured by the percentage of pavement, bridges, and culverts in good condition.

Though ongoing funding for roads and highways has not increased substantially in recent years, Cap and Trade proceeds provided for a significant investment in clean transportation and mass transit beginning in 2014-15. The Cap and Trade funding plan also provides an ongoing share of annual revenues—setting aside a total of 60 percent for public transportation, active transportation, and housing. The May Revision provides a total of $1.6 billion for public transit, high-speed rail, and sustainable community development in 2015-16 as follows:

- **Transit Operations**—$100 million for transit operations in the Low Carbon Transit Operations Program.
- **Transit Capital**—$265 million for rail and transit in the Transit and Intercity Rail Capital Program.
- **Affordable Housing, Transit, and Active Transportation**—$400 million for projects in the Affordable Housing and Sustainable Communities Program.
- **High-Speed Rail**—$500 million for California’s high-speed rail system.
- **Low Carbon Transportation**—$350 million for Air Resources Board clean transportation programs.