

## Department of Transportation

### Budget Highlights for FY 2011-12

#### Overview

The 2011-12 Budget Act, signed by Governor Brown on June 30, 2011, authorizes \$13.3 billion in expenditures for the Department of Transportation (Department). This budget includes approximately \$3.3 billion in Proposition 1B expenditures, which are dependent on future bond sales. Although State Operations increased by \$120 million, the Department's Personnel Years (PYs) were reduced by a total of 162. The changes in State Operations are due to the elimination of three-day per month furloughs being replaced by a one-day per month personal leave day. This budget is \$859 million more than the Department's 2010-2011 budget, as shown in the table below.

#### Changes in Budget Category Expenditures

Enacted 2011-12 Budget (\$ in millions)

Category	PY Enacted 2010-11	CY Enacted 2011-12	Year to Year Change		
				\$ Change	% Change
State Operations	\$ 3,946	\$ 4,066	▲	\$ 120	3.0%
Capital Outlay	5,812	6,661	▲	849	14.6%
Local Assistance	2,602	2,493	▼	(109)	-4.2%
Financing**	124	123		(1)	-0.8%
<b>Total</b>	<b>\$ 12,484</b>	<b>\$ 13,343</b>	<b>▲</b>	<b>\$ 859</b>	<b>6.9%</b>
Personnel Years (PY)	20,625	20,463	▼	(162)	-0.8%

\*\* Financing includes GARVEE debt service and P3 payments.

#### SIGNIFICANT CHANGES

- Passage of AB 105 in March 2011 reenacted the fuel tax swap and modifies the financing of transportation bond debt service. Truck weight fees will be used to pay debt service. In addition, weight fee revenue not needed for transportation bond debt has been redirected to the General Fund (GF) as a loan (approximately \$840 million).
- The Department received an increase of 122 Personnel Year Equivalents (PYEs) and \$43 million in the Capital Outlay Support (COS) Program for project delivery. This increase consists of 61 Personnel Years (PYs) of state staff and 61 PYEs of cash overtime, which elevates the COS program to 10,756 Full Time Equivalents (FTEs).
- The Department was reduced \$6.4 million and 47.5 PYs in the Planning Program. This reduction removes funding for the development and quality review of project initiation documents (PIDs) developed for locally funded projects on the state highway system. This action leaves the Planning program with 638.4 total PYs, including 250.8 PYs for PID activities.

## **TRANSPORTATION LOANS**

Passage of AB 115 modifies the repayment schedule of prior loans from transportation special funds to the General Fund (GF) derived from: 1) weight fee revenues and 2) outstanding transportation loans to be associated with weight fees (approximately \$358 million). Repayment dates have been extended to Fiscal Year 2020-21. In addition, AB 115 declares \$971 million in State Highway Account (SHA) loans to be derived from weight fee revenue and these resources will be redirected to the GF as reimbursement for transportation-related debt service. The passage of AB 115 is expected to have an impact on future programming capacity; however, the extent of the impact has not been ascertained. The affects are currently being analyzed as part the 2012 State Transportation Improvement Program (STIP) Fund Estimate, due for release in August 2011.

## **TRANSPORTATION BOND FUNDS**

### **Proposition 1A**

The Local and Intercity rail portions of Proposition 1A were sustained at \$27.8 million for positive train control safety projects only. The Administration vetoed Proposition 1A resources by \$234 million (\$147M- Local/ \$87M- Intercity rail) citing projects appeared unrelated to the high-speed rail project or an integrated rail plan and that the High Speed Rail Authority should work with local agencies to build mutually beneficial projects.

### **Proposition 1B**

A total of \$3.3 billion has been authorized for Proposition 1B projects this fiscal year. It should be noted that the utilization of these resources is dependent upon adequate bonds sales to generate actual funding. The following bonds are now funded at the following levels:

- \$1.2 billion for corridor mobility
- \$1.1 billion for trade corridors
- \$239.8 million for public transit modernization
- \$47.6 million for major highway rehabilitation
- \$526.7 million for State Route 99
- \$164.5 million for state/local partnership
- \$13.7 million for local bridge seismic retrofit.

Funding for local projects in the state-local partnership and local bridge seismic retrofit programs has been reduced due to fewer projects ready to begin in FY 2011-12. Additionally, new trailer bill language requires the Administration to share their cash expenditure plan for Prop 1B programs and their analysis related to the fall 2011 bond sale.

### **Public Private Partnership Program (P3)**

The Department received \$1.6 million in reimbursement authority to allow receipt of funding from local transportation agencies for financial advisor services to review P3 proposals for projects on the State Highway System. The current P3 pipeline consists of several projects including, but not limited to, the Bay Area Express Lane Network, the I-710 North gap project, the I-710 Freight Corridor, and the High Desert Corridor project.