

California State Assembly



Assembly Budget Subcommittee No. 4 on Climate Crisis, Resources, Energy, and Transportation

Assemblymember Steve Bennett, Chair

Wednesday, May 13, 2026
9:30 A.M. – State Capitol, Room 447

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Non-Presentation Items: Staff have suggested the following items do not receive a formal presentation from the Administration in order to focus time on the most substantial proposals. Members of the Subcommittee may ask questions or make comments on these proposals at the time designated by the Subchair or request a presentation by the Administration at the discretion of the Subchair. Members of the public are encouraged to provide public comment on these items at the designated time.

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Public Comment will be taken in person after the completion of all panels and any discussion from the Members of the Subcommittee.

Items To Be Heard

2740 Department of Motor Vehicles

Issue 1: State-to-State Verification System (S2S) Project and TBL

The Governor's Budget requests \$56 million Motor Vehicle Account in 2026-27 and statutory language to implement the State-to-State identification verification requirements under the federal REAL ID Act of 2005.

California's compliance date for State to State (S2S) is February 16, 2027, and the core DMV systems will interface and connect the driver license (DL)/identification card (ID) S2S data elements with the American Association of Motor Vehicle Administrators (AAMVA) electronic verification and history exchange.

The trailer bill allows sharing of social security numbers for the following purposes:

- 1) Responding to information requests from the Employment Development Department for purposes relating to tax administration and ensuring compliance with family temporary disability insurance, unemployment compensation disability, and unemployment compensation benefit requirements.
- 2) Participation in the State-to-State Verification Service, or any successor system, operated by the American Association of Motor Vehicle Administrators, for the purposes of verifying and exchanging driver's license, identification card, and driver history records with participating jurisdictions.

This language can be found here: <https://trailerbill.dof.ca.gov/public/trailerBill/pdf/1380>.

What Does Federal Law Require?

The REAL ID Act of 2005 was passed by Congress in response to the events of 9/11 and includes new requirements for state driver licensing agencies (SDLAs) to abide by for its DL/ID cards to be used to board a domestic flight or visit a military base or certain federal facilities. Enforcement of the REAL ID Act went into effect on May 7, 2025.

In accordance with 6 CFR § 37.29, federal regulations state:

(a) An individual may hold only one REAL ID card. An individual cannot hold a REAL ID driver's license and a REAL ID identification card simultaneously. Nothing shall preclude an individual from holding a REAL ID card and a non-REAL ID card unless prohibited by his or her State.

(b) Prior to issuing a REAL ID driver's license or identification card,

(1) A State must check with all other States to determine if the applicant currently holds a driver's license or REAL ID identification card in another state.

(2) If the state receives confirmation that the individual holds a driver's license in another state or possesses a REAL ID identification card in another state, the receiving state must take measures to confirm that the person has terminated or is terminating the driver's license or REAL ID identification card issued by the prior state pursuant to state law, regulation, or procedure.

S2S provides the means for each state to check with all other states to determine if the applicant currently holds a DL or ID card from another state prior to issuing a REAL ID compliant DL card or ID.

What Information Will Be Shared?

DMV will report on driver and identification cardholder information, including a unique identifier for each cardholder. Once implemented, the service will send and process a request to other state licensing agencies to cancel a DL/ID card upon issuance in California as well as cancel California DL/ID cards upon issuance in requesting states. In addition, the S2S service will send and process DL/ID history requests to other state driver licensing agencies.

Upon implementation of S2S, California will add certain driver record information to the State Pointer Exchange Services (SPEXS) Central Site, which provides information to state driver licensing agencies when issuing DL and ID cards. The SPEXS Central site maintains the master pointer record, which contains the basic identifying information about an individual and informs other licensing agencies that an individual has a record belonging to California. Conversely, the SPEXS Central site will notify California if an individual applying for a DL or REAL ID-compliant ID card holds a credential in another state.

California is required to provide the minimum identifying information below to the SPEXS Central site:

- Full Legal Name
- Date of Birth
- Last Five Digits of the Social Security Number (SSN)
- State of Record
- DL/ID Number
- Type of credential issued
- REAL ID indicator
- Commercial Driver License Information System (CDLIS) indicator

This system will mimic the existing Commercial Driver's License Information System (CDLIS) and the Problem Driver Pointer System (PDPS).

What Are the Consequences of Not Sharing this Information?

Forty-three (43) states have actively implemented S2S with six (6) states coming onboard in the next twelve months. California is the fiftieth (last) state to join S2S.

California must comply with the S2S provisions to remain compliant with the REAL ID Act (in order to allow cancellation of duplicate IDs), to continue issuing REAL IDs to Californians, and for the existing California-issued REAL IDs to remain valid for federal purposes (i.e. boarding domestic flights, accessing federal facilities, etc.).

To date, there have been approximately 21.4 million unique Real IDs issued to Californians. There are a total of 31.7 million drivers' licenses and identification cards in California (so roughly 10 million non- REAL IDs).

In the absence of a valid REAL ID, Californians could be required to show a valid federal identification such as a United States Passport.

What Does the Funding Cover?

The S2S proposed solution will include IT vendor contract resources of \$22.6 million 2026-27 and 2027-28 including \$19 million for contracts and \$3.6 million for software licenses. Total operating expenses and equipment will total \$29.4 million.

The new system requirements will:

1. Create a new real time/batch service invoked during processing of DL/ID applications.
2. Integrate with DL/ID processing systems and Virtual Field Office workflows.
3. Send and process a request to other state driver licensing agencies to cancel a DL/ID card, upon issuance in California.
4. Receive and process requests from other states to cancel a CA DL/ID card, upon issuance in requesting states.

The request includes continuing IT resource costs and the onboarding and training of additional program staff beginning July 2026 to address S2S workload. The temporary help funding (\$15.3 million) requested is equivalent to 98.4 positions in 2026-27 and 118.7 positions in 2027-28, who will process duplicate records, errors, and increase identity fraud investigations. Total staffing costs equal \$26.6 million.

Panel

This panel will feature representatives from the Department of Motor Vehicles, the Department of Finance, and the Legislative Analyst's Office.

Staff Comments

California is required to comply with the federal REAL ID Act of 2005, including sharing driver's license and identification card data with other states via the American Association of Motor Vehicle Administrators (AAMVA)'s electronic pointer system to ensure the deletion of duplicate IDs. If the State were to decide not to comply with these requirements by AAMVA's February 16, 2027 deadline, existing REAL IDs issued by California could be invalidated and those individuals could not enter federal buildings or fly without a passport. Staff notes that the federal government has recently closed some passport processing locations. News reports show California is one of the top states for passport issuance at roughly 62.7 percent.

Stakeholders have expressed concerns that states, AAMVA, or the federal government could request a list of driver's licenses provided to undocumented immigrants residing in California under AB 60 (2013). S2S does not allow for mass queries of any state's data and only allows for limited, transaction-based inquiries where a requesting state provides matching information. Staff notes that no such list exists and there is no unique identifying marker on these licenses. These individuals are just not eligible for federally compliant REAL IDs, and their IDs would match any citizen who does not have a REAL ID. However, some applications/driver records may lack a social security number. Issue has been raised by advocates that AAMVA requires records that do not have a social security number to use a uniform code of 99999. The presence or absence of a social security number is not indicative of legal status in the United States.¹⁸ Other states allow undocumented immigrants to obtain drivers licenses, statistically the majority of these states are already enrolled in the SPEXS database.

Additionally, concern has been raised regarding the collection of gender markers (as California allows changes to gender markers on identification cards and the use of a nonbinary gender marker) and photo. While the REAL ID Act required states to collect an individual's gender marker and photo, they are not a data pointers in SPEXS.

In addition to the technical safeguards, DMV negotiated unique legal protections for California to require notification from AAMVA if any state, or local, or federal governmental agency, or other organization or person other than another participating state licensing agency requests access to S2S information or records derived there from. This provides additional oversight for California and collaboration with AAMVA in formulating a response to the request.

Stakeholders and press reports have expressed concern that other states or the federal government may attempt to access identifying information of Californians for nefarious reasons including deportation, enforcing bans on traveling out of state to seek or provide reproductive healthcare, or other individuals protected under California laws. To assess the likelihood of these fears, members of the Subcommittee may wish to ask the following questions:

- What entities have access to the database?
- Will other states be able to see the entirety of a driver's record/data or just match information that state already has?

- Would someone have to log in and make requests manually by inputting in information for certain transactions, or would these requests automatically happen upon someone's application for a REAL ID?
- What if the database is hacked?
- What information is required by AAMVA but not federal regulations?
- Will individuals be notified if their information was accessed in SPEXS?
- Will DMV know if other states or AAMVA are accessing mass batches of records on Californians (not just individual records when an individual moves)? For example, could records be pulled of all individuals with the same last five social security numbers?
- What protections or penalties exist if there is a belief that other states or AAMVA are accessing data for nefarious purposes? How will this be detected?
- Could a delay be requested for AAMVA's February 16, 2027, deadline?

Members of the Subcommittee may wish to opine on the following:

- Should this proposal be approved to enable compliance with the REAL ID Act of 2005?
- Should this proposal be rejected to limit other states from accessing Californians personal identifying information, which may disqualify existing REAL IDs and require Californians to obtain a passport to access federal buildings and airports?
- Should any additional protections, consistent with federal law and regulations, be added to limit concerns that states may access personally identifying information without authorization or for nefarious purposes?

Staff Recommendation: Hold open.

Issue 2: Digital eXperience Platform (DXP) Project

The Governor's Budget requests \$94.1 million and 109 temporary positions in 2026-27, to continue maintenance and operations activities for Occupational Licensing (OL) and Disabled Persons Placard (DPP); Vehicle Registration (VR), Control Cashiering (CC), and Inventory Management (IM), and start the Driver Licensing (DL) phase of the DXP Project. The DXP Project will update and replace software, hardware, and programming languages for current legacy DMV core systems. A Special Project Report (SPR) is currently under review with the California Department of Technology. Due to the changing nature of the project timeline, this request may be updated later this year, if necessary, to align it with the project schedule and latest project documents approved by the Department of Technology.

Background: The 2021 Budget Act provided \$193.5 million over a three-year period to implement the OL, VR, and DL components of the DXP Project. DMV also received funding of \$60.3 million in 2024-25 for the VR phase and to begin transitional work for the DL phase in preparation of the System Integrator (SI). In addition, the DMV received funding of \$53.1 million in 2025-26 to continue the VR phase of the project.

Panel

This panel will feature representatives from the Department of Motor Vehicles, the Department of Finance, and the Legislative Analyst's Office.

Staff Comments

Members of this subcommittee may want to ask:

- When will dXp be completed?
- What efforts are being taken to keep costs low and reach a timely completion date?

Staff Recommendation: Hold open.

2667 High Speed Rail Office of the Inspector General

Issue 3: High-Speed Rail - Office of the Inspector General Confidentiality TBL

The Governor's Budget requests statutory language to require the High-Speed Rail Office of the Inspector General (OIG-HSR) to produce publicly available reports of its reviews and investigations, subject only to limited exceptions. In instances where OIG-HSR—as an independent entity that is separate from the High-Speed Rail Authority and the California State Transportation Agency—needs to communicate sensitive findings to external bodies in position take corrective action, the ability to do so securely is critical to protecting the interests of the State. More broadly, this trailer bill would also create a clear statutory framework for the retention and protection of OIG-HSR workpapers and other communications—a framework that is standard to other IG offices but absent from the enabling statutes of the OIG-HSR.

The language can be found here: <https://trailerbill.dof.ca.gov/public/trailerBill/pdf/1379>.

Background:

The 2022 Budget Act established a new independent Office of the Inspector General (OIG-HSR) to provide timely, long-term independent oversight of the high-speed rail project. The OIG-HSR plays a critical role in project oversight by conducting independent, self-initiated reviews. The OIG-HSR is tasked with:

- Reviewing the High-Speed Rail Authority's plans and estimates for project advancements and making relevant findings and recommendations.
- Monitoring the progress of meeting the milestones towards successful completion of the Merced to Bakersfield segment.
- Conducting audits related to project delivery and identifying best practices.
- Reviewing and making recommendations concerning efficiency and operations, proposed and executed change orders, contracts and contracting practices, and other agreements to make sure they are in the best interest of the State.

The OIG-HSR's enabling statutes do not have clear reporting requirements or protection of workpapers. Specifically, existing law does not direct the OIG-HSR to publish reports of its reviews and investigations and does not provide for confidentiality of its work products or workpapers. The latter provision is standard to offices of inspectors general and is needed to prevent disclosure of documents that could be used by individuals seeking to inappropriately gain from or otherwise harm the project, such as workpapers detailing information security or fraud detection weaknesses affecting the project.

Panel

This panel will feature representatives from the High-Speed Rail Office of the Inspector General, the Department of Finance, and the Legislative Analyst’s Office.

Staff Comments

This trailer bill is similar to AB 1608 (Wilson, 2026) that passed 52-20 on May 4th and has received no opposition. AB 1608 goes beyond this trailer bill by:

- Authorizing the OIG to adopt and make use of the classifications, associated salary ranges, and other forms of compensation established or otherwise used by other state agencies identified by the Inspector General as performing comparable oversight work, so long as the Inspector General determines that any individual to be hired meets or exceeds applicable eligibility requirements and minimum qualifications.
- Exempting the OIG from Public Contract Code requirements that require oversight, review, or approval by the Department of General Services or any other state agency for contracts up to \$1 million.
- Clarifies that the OIG accessing information that is subject to a privilege does not waive that confidentiality.
- Adopts findings and declarations and makes other technical changes.

Members of this subcommittee may wish to opine if they would prefer this proposal as a budget trailer bill or to retain AB 1608 as the vehicle.

Members of this subcommittee may wish to ask the Department of Finance if they have any concerns with AB 1608 or support the bill as written.

Staff Recommendation: Hold open.

2660 Department of Transportation

Issue 4: Chapter 61, Statutes of 2023 (SB 150), Workforce Development Trailer Bill

The Governor's Budget requests statutory language that amends SB 150 (Durazo, Chapter 61, Statutes of 2023), which required Caltrans reserve \$50 million to be allocated over four years from the federal Infrastructure Investment and Jobs Act (IIJA) for the High Road Construction Careers (HRCC) Program in partnership with the California Workforce Development Board (CWDB). The proposal changes the requirement from \$50 million in federal funds to \$30 million in state funds.

The language can be found here: <https://trailerbill.dof.ca.gov/public/trailerBill/pdf/1378>.

Panel

This panel will feature representatives from the CalTrans, the Department of Finance, and the Legislative Analyst's Office.

Staff Comments

Members of the Subcommittee may wish to ask the following questions:

- What will these funds be used for?
- What funding for high road jobs in the transportation space already exists?

Staff Recommendation: Hold open.

Issue 5: Fleet Replacement

The Governor's Budget requests \$225,000,000 one-time (\$6,939,000 in Personal Services and \$218,061,000 in Operating Expense) from the State Highway Account to continue replacing its aging fleet and installing Zero Emission Vehicle (ZEV) infrastructure to comply with state mandates and regulations.

With the one-time increase, Caltrans plans to replace up to 1,120 units (based on cost and market availability), focusing on those units in the worst condition toward the goal of becoming the greenest government fleet in the nation.

Caltrans will also begin projects to install level 3 (DCFC) electric vehicle charging at 18 locations (10 by DGS and 8 by Caltrans) and plans the following approach to ZEV infrastructure installation:

1. Caltrans will contract with Department of General Services, who have previously installed level 2 infrastructure at state facilities, to install level 3 charging ports. DGS will address 10 Caltrans facilities.
2. Caltrans will also design and install ZEV infrastructure for Level 3 chargers at Transportation-Related Facilities through consultant contracts.
3. Caltrans will purchase and deploy mobile charging infrastructure to support field offices and equipment shops.

Additionally, Caltrans will continue to leverage low- to no-cost utility programs to assist with the installation of infrastructure for Level 3 chargers. By collaborating with local utility companies, Caltrans which may reduce the financial burden of infrastructure upgrades, taking advantage of available programs that provide cost-sharing opportunities or incentives to install charging infrastructure. \$25 million is dedicated for charging.

Background:

This request builds upon the fiscal year (FY) 2022-23 Fleet Replacement Budget Change Proposal (BCP) and the FY 2024-25 Fleet Replacement BCP, which funded the replacement of more than 5,790 vehicles including 1,254 electric vehicles and initiated over 100 statewide ZEV charging infrastructure projects.

The proposed funding will sustain the momentum to address the large backlog of eligible fleet replacements, meet Executive Order N-79-20, California State Administrative Manual requirements, and California Air Resources Board regulations. Caltrans operates the largest and most diverse fleet in California with more than 12,000 vehicles and equipment ranging in size from light-duty pick-ups to heavy-duty and off-road construction equipment. These vehicles are essential for mission-critical operations, including snow removal, wildfire prevention, road repairs, vegetation control, and debris removal across more than 50,000 lane miles of the State Highway System.

Panel

This panel will feature representatives from the CalTrans, the Department of Finance, and the Legislative Analyst's Office.

Staff Comments

This proposal increases demand for zero-emission vehicles, which will help support industries that California has led the country in creating, at a time when the federal government is attacking these policies and innovative companies.

Members of this subcommittee may wish to ask:

- Will the deployment of these vehicles be prioritized for disadvantaged communities or non-attainment air basins impacted the most by air pollution?
- How many vehicles do you expect to be plug-in hybrids versus full zero-emission?

Staff Recommendation: Hold open.

2720 California Highway Patrol

Issue 6: Various Proposals

The Governor's Budget requests approval for the following proposals:

- 1) **Equipment and Operating Cost Budget Augmentation:** a one-time budget augmentation of \$15.7 million Motor Vehicle Account (MVA) in 2025-26 and \$44.4 million MVA in 2026-27. This funding includes:

2025-26: 1) \$4.1 million for increased Attorney General cases and fees. 2) \$3.1 million for increased utility costs. 3) \$7.1 million for increased vehicle insurance. 4) \$1.4 million for law enforcement materials.

2026-27:

Equipment

- \$2.7 million for the purchase of primary duty weapons for newly hired Officers and to replace current duty weapons that have reached the end of their useful life. This equates to approximately 1,500 duty weapons.
- \$7.25 million and a three-year encumbrance period to replace and replenish its current aging and retired enforcement vehicles.
- \$5 million for tablet devices used by uniformed personnel, ensuring compliance, operational efficiency, and modernization.
- \$3.1 million to replace 700 Electronic Control Devices that have reached end-of-life.
- \$4.1 million for law enforcement materials.

Operating Costs

- \$2.75 million for increased Attorney General cases and fees.
- \$3.35 million for increased communication costs for items such as telephone and wireless services, maintenance and dispatching services, and internet services.
- \$3.1 million for increased utility costs.
- \$7.15 million for increased fuel costs.

- \$5.9 million for increased vehicle insurance premiums.
- 2) **CHPERS: Replace Towers and Vaults—Sawtooth Ridge Site:** \$1,282,000 General Fund for the incremental preliminary plans and full working drawing phases for the Sawtooth Ridge site of the CHP Enhanced Radio System (CHPERS): Replace Towers and Vaults project. This request is necessary to address deteriorating radio communications infrastructure and to improve radio interoperability in the Eastern San Bernardino County region among various public safety agencies.
 - 3) **Statewide: Advanced Planning and Site Identification:** \$1,000,000 General Fund to identify suitable parcels for replacing up to three additional area offices and to develop studies for those sites.

Panel

This panel will feature representatives from the California Highway Patrol, the Department of Finance, and the Legislative Analyst's Office.

LAO Comments

Summary

In this post, we review two of the Governor's 2026-27 budget proposals for the California Highway Patrol (CHP): a \$60 million temporary augmentation from the Motor Vehicle Account (MVA) for equipment and operating costs, and a total of \$2.3 million on a one-time basis from the General Fund for two capital outlay projects. In March, we recommended the Legislature reject the proposed equipment and operating cost augmentations, as we did not find them to be well justified. We revised that assessment after CHP provided us with updated information in April and now find a stronger rationale for funding the request—although we highlight some concerns about future cost pressures. We recommend the Legislature approve the capital outlay projects, but switch their funding source from the General Fund to the MVA.

Background

MVA Is the Primary Funding Source for CHP. The MVA is a special fund that the state typically uses to implement motor vehicle regulations and conduct highway safety and highway law enforcement activities. The MVA's primary source of revenue is from vehicle registration fees, as well as—to a lesser degree—from driver's license and identification card fees. CHP receives roughly 60 percent of the MVA revenues (\$3 billion) annually, with most of the remainder supporting activities at the Department of Motor Vehicles. Growth in CHP's expenditures, however, has been outpacing the MVA's revenue increases. This can be attributed to several reasons, the most significant being CHP officers' compensation structure. Under current law, CHP officers receive annual salary increases based on the compensation provided to peace officers employed by five major local law enforcement jurisdictions in California, which have tended to grow faster than the statutory inflationary adjustments applied to vehicle fees.

Administration Projects MVA Is Fiscally Stable in the Near Term, but Will Face Insolvency Starting in 2028-29. The MVA has been experiencing a structural imbalance for many years, with expenditures consistently outpacing revenues. The state has been able to delay the account’s insolvency through various budget adjustments, policy changes, and temporary transfers from other special funds. (Please see our report, *The 2025-26 Budget: Transportation Proposals*, for more background on the MVA.) At the time of the 2025-26 budget enactment, the administration projected a \$166 million shortfall in the account and therefore proposed—and the Legislature adopted—shifts from two other special funds to cover some MVA expenditures. The administration has since made upward adjustments to its MVA projections and now estimates the account to be in stable condition for both the current year and the 2026-27 budget year. (Accordingly, the Governor’s budget proposes undoing the \$166 million current-year fund shift and letting the MVA reassume the associated costs.) However, several underlying causes of the MVA’s structural deficit remain unaddressed and the account is projected to become insolvent from the 2028-29 budget year onward. Moreover, given the scale of the state’s projected budget shortfall in the coming years, the option of relying upon the General Fund or other special funds to help cover the MVA expenditures will be challenging.

Equipment and Operating Costs Augmentations

Governor’s Proposal

The Governor proposes providing a one-time augmentation of \$60.3 million from the MVA for CHP to cover various equipment and operating costs. The proposal includes \$15.7 million to be provided in 2025-26 and \$44.4 million in 2026-27. (The administration had indicated it might request that the Legislature take early budget action on the current-year proposal.) As shown in Figure 1, the proposal includes funding for ten categories of activities, with the three largest relating to vehicles (insurance, new vehicle purchases, and fuel).

Governor’s Proposed Equipment and Operating Cost Augmentations (In Millions)

Category	2025-26	2026-27	Totals	Existing Annual Budget
Vehicle insurance premiums	\$7.1	\$5.9	\$13.0	\$16.2
Attorney General costs	4.1	2.8	6.9	6.5
Utility costs	3.1	3.1	6.2	13.0
Law enforcement materials	1.4	4.1	5.5	7.9
Communications	—	3.4	3.4	9.8
Vehicle gasoline	—	7.2	7.2	22.3
Vehicle purchases	—	7.3	7.3	20.0
Electronic control devices	—	3.1	3.1	—
Duty weapons	—	2.7	2.7	—
Tablets	—	5.0	5.0	—
Totals	\$15.7	\$44.4	\$60.1	\$95.7

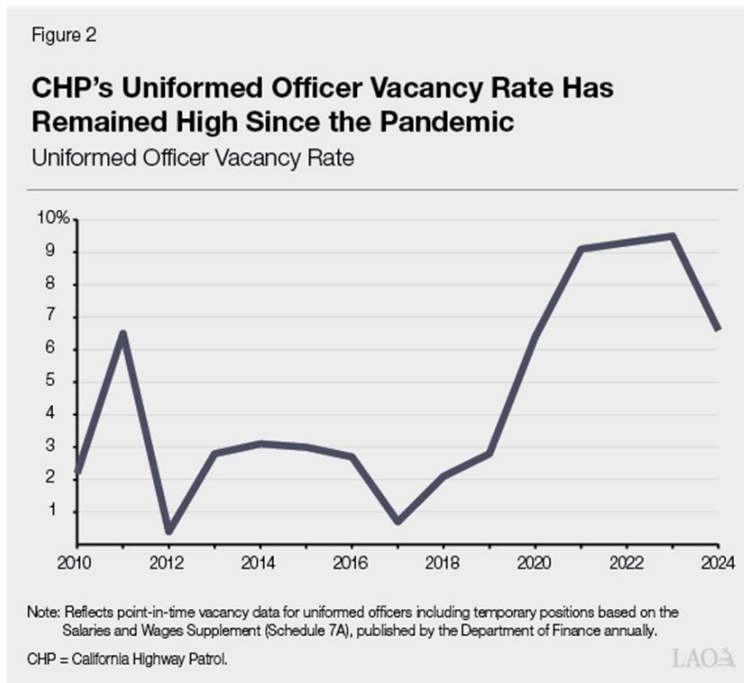
Assessment

Concerning MVA Condition Raises the Bar for Approving New Spending. Despite the MVA's projected near-term stable condition, the account's surplus margins remain slim and the administration estimates it will become insolvent in 2028-29. These projected out-year shortfalls likely will make it challenging for the account to fund core expenses such as CHP salaries and could increase pressure to raise fees on drivers. For this reason, every new expenditure from the account—especially those that are comparatively large—should be well justified and clear a high bar for approval.

Historically, CHP Has Funded Equipment and Operational Costs Through Its Base Budget. As displayed in Figure 1, the types of costs for which CHP is requesting additional funding represent equipment and activities that support the basic, core functions of the department. These include costs related to vehicles, weapons, technology, and utilities. In previous years, the department has not typically come forth with specific, discrete budget requests to support these types of expenses—even when costs have risen due to inflation. Rather, with a few exceptions (such as for [purchasing tablets](#) in 2019), it has typically covered such expenses through the funding in its base budget using two methods. First, as shown in the figure, several of the augmentation categories requested in the proposal are supported with dedicated funding (\$95.7 million in total) within the department's annual budget. Second, the department reports that it historically has used salary savings from vacancies to help cover additional operational costs.

Department States That High Costs and Low Vacancy Rates Have Created Unique Cost Pressures. CHP states that it cannot depend on its historical approach to fund these activities—and therefore needs the proposed supplemental augmentation—because (1) inflation and other costs like technology upgrades have led to uniquely higher costs, and (2) it has comparatively lower officer vacancy rates now and thus cannot depend on salary savings to help cover equipment and operational costs as it typically has.

Based on Initial Data Provided, Recommended Rejecting Proposal. The data that CHP provided to us in January suggested that its departmentwide vacancy rates were still high. Specifically, as shown in Figure 2, as of 2024, the department's uniformed officer vacancy rate including temporary positions was still well above the pre-pandemic levels. It was therefore unclear to us why the department could not rely on salary savings to help pay for standard operating and equipment expenses, as it previously had prior to the 2020s. Given the lack of a compelling rationale, in our March publication we recommended that the Legislature reject this proposal.



Updated Data Suggest Lower Vacancy Rates, Less Flexibility for CHP to Redirect Savings. In April, CHP provided us with updated information related to this request. These more recent data show that the department's uniformed personnel vacancy rates have been declining in the current year, and CHP projects they will drop even further in the budget year. Specifically, it estimates around a 3 percent uniformed officer vacancy rate by June 2027, which would be in line with pre-pandemic rates. This information provides more credence to the department's claim that it will not have as much salary savings to cover equipment and operational costs as it has in recent years. More savings could materialize if the department's 2026-27 hiring expectations are overly optimistic. However, budgeting based on that assumption—and failing to provide the requested supplemental funding—could leave CHP falling short of being able to meet its operational needs in the coming year if it is indeed able to fill vacancies as it projects. We note that some of the department's operational costs likely also will grow beyond the January projections if the trend of higher fuel costs continues. CHP's vacancy rate for nonuniformed personnel remains notably higher—around 17.5 percent as of February 1, 2026. The resulting salary savings can help address some of these costs. However, they make up a smaller share of CHP's overall budget and the department already accounted for this in its budget request.

Efficiency Reductions Likely Contributed to Emerging Funding Shortfall. The department provided additional information to us about its recent funding reductions. Specifically, the ongoing \$11.3 million reduction achieved through budget Control Section 4.05 beginning in 2024-25, taken together with a similar ongoing reduction of \$17.9 million in 2021-22, has amounted to \$29.1 million less for ongoing operational support as compared to a few years ago. At least for the 2024-25 reduction, CHP indicates the cut was applied to different state operations activities from those for which it is currently requesting additional funding—general expense, in-state travel, special repairs, deferred maintenance, and consulting. However, through their impact on the overall department budget, the net result of these reductions is less funding available for accommodating annual increases in equipment and operational expenses. As a

result, the department has diminished ability and flexibility to rely on historical budgeting practices and likely will have an increased need for new, discrete budget augmentations to cover such costs. This scenario highlights that broad-scoped efficiency reductions might have unintended consequences by scaling down departments' flexibility to account for general operational cost increases and could—as in this case—lead to new budget requests that essentially offset anticipated savings.

Although CHP is Requesting One-Time Funding, Many Activities Represent Ongoing Costs. The department is requesting one-time funding for the identified operations and equipment expenses. However, the nature of some of the expenses in the budget request (such as vehicle insurance premiums and utility and communications costs) are annual and unlikely to be permanently resolved with one-time augmentations. This raises questions about how the department is planning to address these costs in future years. In the context of the MVA's projected insolvency by 2028-29 and the forecasted General Fund budget deficit, figuring out how to accommodate these costs on an ongoing basis could present challenges.

Recommendation

Weigh the Department's Immediate Funding Needs Against Future Pressure on MVA. Based on updated data, CHP has provided a stronger rationale for needing a supplemental appropriation to cover its baseline operational costs. Salary savings from vacancies continue to diminish, fuel costs have escalated recently, and reductions made in pursuit of efficiencies constrain the budget flexibility the department was able to take advantage of in prior years. Ensuring the department has the ability to meet its operating needs is important. Fortunately, the administration projects that the MVA will have sufficient funding to accommodate these costs in 2026-27. However, given the nature of the expenses, the Legislature likely will receive similar requests in the future, when the MVA may not have the same ability to support such augmentations. This highlights the need to address the MVA's structural imbalance on an ongoing basis.

Capital Outlay Projects

Governor's Proposal

Proposes \$2.3 Million General Fund for CHP Capital Outlay. The Governor proposes one-time General Fund for two capital outlay-related activities in 2026-27:

- ***CHP Field Office Planning and Site Identification.*** The budget includes \$1 million from the General Fund for CHP to identify suitable parcels for replacing up to three field offices and to develop studies for those sites.
- ***CHP Enhanced Radio System (CHPERS) Tower and Vault Replacement.*** The budget includes \$1.3 million from the General Fund for the incremental preliminary plans and working drawing phases of the Sawtooth Ridge radio communication tower and associated support infrastructure as part of the CHPERS project.

Assessment

Two Capital Outlay Proposals Appear Justified. Both proposals would support activities that have been underway at CHP for more than a decade. We find they each would help to address important public health and safety objectives.

- **CHP Offices Have Unique Qualities That Can Complicate Site Replacement.** CHP has found that many of its area offices need to be replaced due to seismic risk. A number of factors make this process somewhat challenging. For example, CHP offices need to be located close to the highway and large enough to accommodate certain site requirements such as communication towers, patrol vehicles and other law enforcement infrastructure. Many of the older area offices are also out of compliance with modern building requirements and therefore replacements need to be located on larger parcels than their current sites. These constraints can significantly narrow the number of qualified parcels, meaning the process of identifying and acquiring new sites for CHP office replacements can be difficult. We therefore find the Governor’s proposal for a \$1 million supplemental appropriation for CHP to undertake these efforts to be justified. Moreover, this approach is not without precedent. For example, previous budgets provided funding to CHP for similar purposes in 2017-18, 2022-23, and 2023-24.
- **CHPERS Project Is Already Underway, Meets Public Safety and Radio Communications Needs.** The Legislature approved the CHPERS project in 2006-07 to enhance the interoperability of CHP’s radio communications system among public safety agencies. The proposed Sawtooth Ridge radio tower is the last tower to be constructed and intended to mitigate a coverage gap in radio communications in San Bernardino County. We find the proposed funding to be consistent with previous legislative approvals for this ongoing project and important in facilitating CHP’s regional communication and public safety operations.

MVA Has Sufficient Funding in 2026-27 to Cover Relatively Minor Capital Outlay Expenses. The MVA is the typical fund source that supports CHP’s activities and projects, as it follows the “beneficiary pays” principle. That is, through their vehicle fees, the state’s vehicle and road users—rather than the general taxpayer—pay for the expenses associated with helping keep them safe on state highways. In our view, abiding by this historical principle is ideal and appropriate whenever possible. While the MVA is facing out-year shortfalls, it has sufficient funding to accommodate the two proposed minor capital outlay proposals in 2026-27. Besides the policy rationale for following the historical CHP funding approach, the General Fund is projected to face significant out-year revenue shortfalls. For these reasons, we find the MVA to be a more appropriate fund source for these proposals in 2026-27.

Recommendation

Approve Both Capital Outlay Proposals, but Switch Funding Source From General Fund to MVA. We recommend the Legislature approve funding for both of the Governor’s capital outlay proposals in 2026-27. However, to align with the state’s historical funding approach for

CHP and due to General Fund constraints, we recommend shifting the funding source for these activities to the MVA.

Staff Comments

Members of this subcommittee may want to ask:

- How are equipment, gas, insurance, and litigation costs normally paid for?
- Are the costs going up over time?

Staff Recommendation: Hold open.

Various

Issue 7: Transportation GGRF Funding

The Governor's Budget includes five transportation items related to the Greenhouse Gas Reduction Fund:

- Provides \$125 million one-time GGRF for transit passes consistent with intent language in SB 840 (2025).
- Cuts \$250 million that was committed to transit agencies under SB 125 this year and \$460 million next year.
- Bifurcates the \$800 million for Affordable Housing and Sustainable Communities (AHSC) Program as follows: up to \$560 million to the Housing Development and Finance Committee for the Housing Allocation and up to \$240 million to the Strategic Growth Council for the Sustainable Communities Allocation (which includes transportation and land conservation funds).
- Authorizes the Department of Transportation to provide administrative support for Transit and Intercity Rail Capital Program (TIRCP) and Low Carbon Transit Operations Program (LCTOP) consistent with the current administration of both programs.
- Clarifies that the Low Carbon Transit Operations Program is administered through the State Transit Assistance business unit instead of the Transportation Agency.
- Authorizes funding of state operations costs from the \$1 billion allocated to the High-Speed Rail Authority.

Staff Comments

These items were heard on March 11th, but staff wanted to mention them for topical context in case members wanted to revisit them.

On AHSC, the intention is to create flexibility and a one stop shop for housing projects. However, this would require housing developers to still apply for transportation funds at a different agency, or not apply for funds, and different transportation projects not necessarily tied to new housing may be funded. Currently the transportation grant award is up to \$15 million per project.

Staff Recommendation: Hold open.

Non-Presentation Items

0521 California State Transportation Agency

Issue 8: CalSTA Enterprise IT Portfolio Management Office

The Governor's Budget requests 3 permanent positions and \$860,000 in Fiscal Year 2026-27 and ongoing to establish an Enterprise IT Portfolio Management Office. This proposal addresses a critical need for consistent, enterprise-wide oversight of IT investments, ensuring alignment with California Department of Technology (CDT) requirements, statewide mandates, and strategic priorities. The funding is shared between the Motor Vehicle Account, State Highway Account, and the Public Transportation Account.

Staff Recommendation: Absent member concerns or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

2660 Department of Transportation

Issue 9: FI\$Cal Onboarding Planning

The Governor's Budget requests a one-year extension of current resource levels including \$19,091,000 State Highway Account (\$5,529,000 In Personal Services and \$13,562,000 in Operating Expense) for FY 2026-27 to support the continued transition and on-boarding to the Financial Information System for California (FI\$Cal) System. This includes 34 limited-term positions.

Staff Recommendation: Absent member concerns or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 10: Increased Local Assistance Staff

The Governor's Budget requests a permanent increase of 34 positions and \$7,600,000 (\$7,060,000 Personal Services and \$540,000 Operating Expenses) from the State Highway Account (SHA) to address a sustained rise in workload. This request would be considered a net-zero request because the funding would be sourced from a transfer of local federal funding to Caltrans so the associated funding from the State Highway Account (SHA) would be exchanged to fund this additional support need, which would result in a net-zero impact on state transportation funding.

Background: This Budget Change Proposal (BCP) addresses a mission-critical operational need to support Caltrans' compliance with the Stewardship and Oversight Agreement (SOA) between the California Division of the Federal Highway Administration (FHWA), as well as various state and federal regulations. Under the SOA, Caltrans is required to provide adequate oversight of subrecipients, including oversight of locally administered projects and any presumed

responsibilities delegated to local public agencies (LPAs). In accordance with 23 U.S.C. 106 (g)(4), Caltrans must determine whether the sub-recipients of federal funds have adequate project delivery systems and sufficient accounting controls to manage such federal aid. Additionally, Caltrans is responsible for ensuring compliance with federal reporting requirements, including those established by the Federal Funding Accountability and Transparency Act of 2005 (Public Law (PL) 109-282), as amended by PL 110-252, which mandates monthly reporting for sub-awards. Caltrans also needs to address the expectations of local partners. Local agencies have consistently requested a streamlined and enhanced funding and project delivery process, clearer guidance on federal regulations, and more responsive support for addressing queries and overcoming obstacles that cause delays in project delivery.

Staff Recommendation: Absent member concerns or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 11: Independent Office of Audits and Investigations - Investigations Workload

The Governor's Budget requests seven positions and \$1,213,000 from the State Highway Account in 2026-27 and ongoing to increase the number of investigations Independent Office of Audits and Investigations (IOAI)'s Investigations Unit can perform, and therefore strengthening its oversight of the California Department of Transportation (Caltrans).

Background: Caltrans' 2025-26 budget includes over 22,600 positions and has increased by nearly 28 percent within the last six years. According to the U.S. Department of Transportation, Office of Inspector General, federal programs face an increased risk of fraud when they experience unusually rapid growth and/or a large influx of funds to existing and new programs. These additional investments create new oversight opportunities and IOAI must ensure that its investigations are relevant and timely. In contrast to Caltrans' significantly increased budget, as shown on the table below, IOAI's budget has increased by approximately 4 percent since fiscal year 2020-21. Without the increased resources requested, the IOAI cannot sufficiently keep pace nor ensure that it properly investigates all the serious allegations of misconduct that the office receives.

Staff Recommendation: Absent member concerns or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 12: Maintenance Reimbursement Authority

The Governor's Budget requests an increase in reimbursement authority of \$7,443,000 in FY 2026-27, \$5,685,000 in FY 2027-28, \$1,806,000 in FY 2028-29, and \$1,366,000 ongoing from the State Highway Account to fund maintenance operations that will be reimbursed by local agencies.

This increase will support reimbursed maintenance work for new agreements with tolling partners in Orange County and the California High-Speed Rail Authority (CHSRA) in Kern

County. Caltrans has committed to maintaining toll facilities in Orange County and a 22-mile stretch of the High-Speed Rail (HSR) Project in Kern County

Staff Recommendation: Absent member concerns or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 13: Outdoor Advertising Displays Permits (SB 364)

The Governor’s Budget requests a one-time increase of \$139,000 State Highway Account (\$130,000 in Personal Services and \$9,000 in Operating Expense) in Fiscal Year 2026-27 to implement the changes to the Outdoor Advertising Act, Business and Professions Code as required by Chapter 313, Statutes of 2025 (SB 364, Strickland).

Staff Recommendation: Absent member concerns or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 14: State Highway System Safety Enhancements Report (SB 78)

The Governor’s Budget requests one-year increase of \$1,066,000 State Highway Account (\$1,031,000 in Personal Services and \$35,000 in Operating Expenses in Fiscal Year 2026-27 to implement the requirements of Chapter 743, Statutes of 2025 (SB 78, Seyarto) to evaluate efforts and opportunities to streamline the delivery of safety enhancement projects on the State Highway System.

Staff Recommendation: Absent member concerns or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 15: Telecommunication for Traffic Management Network

The Governor’s Budget requests \$9,000,000 in FY 2026-27, \$10,000,000 in FY 2027-28, \$10,500,000 in FY 2028-29 from the State Highway Account for telecommunications utility costs essential to operating the State Highway System’s Traffic Management Network.

A robust telecom network powers live operations and the analytics essential to understanding and reducing congestion on the highway system. Real-time data from field devices gives Caltrans visibility into travel time trends, bottleneck conditions, incident clearance feedback, and system performance. These analytics are fundamental to driving operational efficiency, enabling timely interventions that minimize delay and optimize flow.

Staff Recommendation: Absent member concerns or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 16: Traffic Operations Support Network (TOSNet) Cybersecurity Enhancements

The Governor's Budget requests \$7,150,000 State Highway Account for Fiscal Year (FY) 2026-27 and \$8,311,000 in ongoing funding beginning in FY 2027-28 to sustain and enhance cybersecurity protections for the Traffic Operations Support Network (TOSNet).

Staff Recommendation: Absent member concerns or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 17: Climate Resiliency (SB 695)

The Governor's Budget requests \$364,000 State Highway Account for two (2) permanent positions to create and maintain a prioritized statewide and regionally significant climate adaptation project list and to create an ongoing annual report of the list for the Legislature.

Staff Recommendation: Absent member concerns or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 18: Continuation of Proposition 1B Administrative Support

The Governor's Budget requests 8 positions and \$1,313,000 for fiscal years 2026-27 and 2027-28 to continue the administration of Caltrans' responsibilities to meet Proposition 1B requirements.

This request represents a decrease of 3 positions from prior resource levels of 11 positions in 2025-26 for performing Proposition 1B administrative workload for this next two-year cycle. The positions continue to be funded with Proposition 1B proceeds. Funding for the current Proposition 1B positions expires June 30, 2026.

Staff Recommendation: Absent member concerns or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 19: Continuation of Road Charge Research

The Governor's Budget requests two-year limited-term resources in the amount of \$978,000 State Highway Account (\$933,000 in Personal Services and \$45,000 in Operating Expenses) to continue the road charge research program.

Over a decade ago, Caltrans began researching future alternatives to a gas tax as a sustainable long-term funding source for transportation, due to the increasing adoption of fuel-efficient and alternative fuel vehicles. In response, California committed to studying a road usage charge, a tax on vehicle miles traveled with the passage of Chapter 835, Statutes of 2014 (SB 1077, DeSaulnier). This pilot study confirmed the general feasibility of this concept, demonstrating that

a uniform cost-per mile can be collected on all vehicle types and would not decline like gas taxes as more electric vehicles are driven in California.

The passage of Chapter 5, Statutes of 2017 (SB 1, Beall) significantly increased fuel taxes per gallon, but the long-term trend to use less gas in California is still the same. Executive Order N79-20 bans the sale of new gas-powered vehicles by 2035, and the California Air Resources Board's Advanced Clean Cars Regulation II accelerates the sale of electric vehicles over the next 10 years. SB 1 introduced a \$100 annual registration fee for electric vehicles (model year 2020 and newer). After inflation adjustments, the fee rose to \$118 for 2025-26, which is roughly one-third of the average annual gas tax revenue per vehicle. Additionally, SB 1 did not impose additional fees on plug-in hybrid electric vehicles, which rely on electric power for short trips and rarely consume gasoline.

To address these changes, Caltrans has continued road charge research since 2017 through four pilot studies:

- The 2017 Road Charge Pilot (SB 1077) demonstrated general feasibility of a road charge system, and the following pilots are based on recommendations from its final report.
- The Four Phase Demonstration (2021) tested a road charge collection through ridesharing, usage-based insurance, paying-at-the-gas-pump, paying-at-the-charging-station, and through autonomous vehicle technology.
- The Public/Private Roads Project (2023) tested GPS and mapping technologies to differentiate public road versus a private road for taxable miles.
- The Road Charge Collection Pilot Chapter 308, Statutes of 2021 (SB 339, Weiner) requires actual payments by participants and supports testing of state administrative systems. The final report is due to the Legislature by December 2026.

Staff Recommendation: Absent member concerns or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 20: California High Speed Rail – Reimbursement Authority

The Governor's Budget requests a two-year extension of \$2,709,000 in n State Highway Account Reimbursement authority starting in Fiscal Year 2026-27 for services rendered on behalf of the California High Speed Rail Authority.

These resources will provide ongoing legal services to the CHSRA in real property acquisition and management for the Central Valley Madera to Shafter segment. The additional two years will allow continuous work on cases without interruption

Staff Recommendation: Absent member concerns or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 21: SFL: Technical Adjustments

A Spring Finance Letter requests various technical adjustments to continue implementation of previously authorized programs including:

Increases to Authority

- 2660-001-0046: Increase Public Transportation Account Reimbursement Authority by \$4,507,000 in 2026-27 for the Mass Transportation Program for Caltrans to complete work for California State Transportation Agency's (CalSTA) Transit Intercity Rail Capital Program.
- 2660-001-0890: Increase by \$4,714,000 in 2026-27 and \$3,042,000 in 2027-28 to allow Caltrans to fully utilize the administrative set-aside of the federal grant for Promoting Resilient Operations for Transformative, Efficient, and Cost-Saving Transportation (PROTECT).
- 2660-302-0042: Increase State Highway Account Reimbursement Authority by \$361,000,000 in 2026-27 for Capital Outlay Projects. Caltrans routinely performs work on behalf of the Bay Area Tolling Authority (BATA). The increase in reimbursement authority will better align Caltrans' current workload estimate for BATA.
- 2660-102-0042: Increase State Highway Account Reimbursement Authority by \$275,000,000 in 2026-27 for Local Assistance. The increase allows Caltrans to perform work on behalf of CalSTA on the Port and Freight Infrastructure Program.
- 2660-304-6056: Increase Proposition 1B Trade Corridors Improvement Fund (TCIF) Schedule 1 Authority by \$803,000 in 2026-27 for a Capital Outlay project. Based on a recent TCIF program update, the I-10 Corridor Express Lanes project in Los Angeles and San Bernardino Counties is entering close out and available Authority in Budget Year is needed to pay the balance of invoices.

Net Zero Program Transfers

- A net zero transfer between various programs within Item 2660-001-0042 to better align resources with planned workload.

Reappropriations

- Enterprise Data Governance Technology Solution—Reappropriate up to \$882,000 of Item 2660-001-0042, Schedule 12, and up to \$7,797,000 of Schedule 4, Budget Act of 2025 to continue project implementation.
- 2660-494: Reappropriate the following Proposition 1B bond Items as there are still active construction projects. The funds were already awarded to local agencies and/or

contractors that reappropriation is necessary to meet contractual obligations to avoid litigation or project stoppages.

- 2660-104-6056, Budget Act of 2010 (TCIF) 2660-304-6056,
- Budget Act of 2019 (TCIF) 2660-304-6058,
- Budget Act of 2010 (Transportation Facilities Account) 2660-104-6062,
- Budget Act of 2016 (Local Bridge Seismic Retrofit Account)

Staff Recommendation: Absent member concerns or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

2665 High-Speed Rail Authority

Issue 22: Initial Operating Segment, Section 1 – Reappropriation

The Governor’s Budget requests to reappropriate Federal Trust Fund authority through June 30, 2034, for a total of up to \$246,339,000. This will provide sufficient time to utilize these funds for project activities planned beyond the current expiration date of June 30, 2026. This includes:

- Consolidated Rail Infrastructure and Safety Improvements (CRISI): \$201,851,000
- Rebuilding American Infrastructure with Sustainability and Equity (RAISE) – Wasco: \$24,000,000
- RAISE – Fresno Historic Depot: \$20,000,000
- RAISE – Merced Extension: \$488,000

Staff Recommendation: Absent member concerns or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 23: Blended System Early Improvements – Reappropriation of High-Speed Passenger Train Bond Fund (Proposition 1A)

The Governor’s Budget requests a reappropriation of \$423,335,000 in High-Speed Passenger Train Bond Fund (Proposition 1A) funding through June 30, 2028, to provide adequate time to encumber and liquidate funds associated with the Los Angeles Union Station (LinkUS) Project in Southern California.

Staff Recommendation: Absent member concerns or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

2667 High-Speed Rail Authority Office of the Inspector General

Issue 24: Inspector General Whistleblower Complaint and Audit Management Systems

The Governor's Budget requests a budget adjustment of \$1,306,000 in 2026-27 from the Public Transportation Account, State Transportation Fund to continue with two in-progress IT projects to implement solutions needed to perform the OIG-HSR's duties as outlined in state law. The first IT project will establish a system for confidentially receiving and investigating whistleblower complaints consistent with OIG-HSR's statutory responsibilities, and the second project is to develop a software solution to document, track, and manage the audits, inspections, and reviews performed by the OIG-HSR in its oversight of the high-speed rail project.

Staff Recommendation: Absent member concerns or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

2670 Board of Pilot Commissioners

Issue 25: Board of Pilot Commissioners' Operations Support

The Governor's Budget requests \$158,000 in 2026-27, \$226,000 in 2027-28, and \$285,000 in 2028-29 and ongoing from the Board's Special Fund for increased operations and trainee costs to maintain baseline operations, and support mission critical programs and statutory mandates.

Staff Recommendation: Absent member concerns or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

2720 California Highway Patrol

Issue 26: Budget Augmentation for Security at State Capitol Swing Space, and New Capitol Annex Building

The Governor's Budget requests a one-time budget augmentation for \$6.8 million from the Motor Vehicle Account (MVA) to provide protection and security of the State Capitol, the State Capitol Swing Space, and the New Capitol Annex Building.

Staff Comments: This funding is approved annually while the project is ongoing.

Staff Recommendation: Absent member concerns or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 27: Highway Violence Task Force

The Governor's Budget requests \$885,000 for a permanent budget augmentation from the Motor Vehicle Account (MVA) for 7 Analyst II positions to analyze highway violence crime data and conduct highway violence criminal research.

Staff Recommendation: Absent member concerns or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

2740 Department of Motor Vehicles**Issue 28: San Francisco Field Office Lease Project**

The Governor's Budget requests \$9.8 million in 2026-27, with an extended encumbrance period, from the Motor Vehicle Account (MVA), inclusive of resources to support establishing a leased San Francisco Field Office for 2026-27 through 2029-30.

The San Francisco Field Office Onsite Replacement Project has been cancelled due to the long-term condition of the Motor Vehicle Account and the state-owned Fell Street location being transitioned to an affordable housing project. Approved funding will allow DMV to continue serving the public within the City of San Francisco.

Staff Recommendation: Absent member concerns or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 29: Oxnard: Field Office Reconfiguration—Revert and Fund New

The Governor's Budget requests \$21,185,000 new Public Buildings Construction Fund and the reversion of \$15,480,000 Public Buildings Construction Fund for an incremental increase of \$5,705,000 for the construction phase for the continuing Oxnard: Field Office Reconfiguration project. The estimated total project cost is \$23,254,000. This project will address critical physical infrastructure deficiencies, code deficiencies, and improve customer service.

The Project is currently in the working drawing phase, with design awaiting final approval from oversight entities like the State Architect, State Fire Marshal, and Department of Finance. The project deficit of \$5.7 million is primarily from the determination that many of the building systems, such as electrical service; sewer; and heating, ventilation, and air conditioning; no longer meet code requirements and need replacing.

Staff Recommendation: Absent member concerns or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 30: SFL: Digital eXperience Platform (DXP) Project Reappropriation

A Spring Finance Letter requests a reappropriation of previously approved Digital eXperience Platform (DXP) project funding from the Motor Vehicle Account (MVA). This reappropriation will ensure continuity and completion of the Vehicle Registration (VR) phase project objectives.

The DMV requests a reappropriation of \$32.3 million from the MVA for the DXP project. After careful consideration, the DMV elected to terminate the DXP VR phase system integrator contract on December 31, 2025. As a result, the VR Phase will follow an adjusted timeline. A reappropriation is required for the VR Phase information technology support contracts. This reappropriation request does not require additional funding, and it will ensure continuity and completion of the DXP VR project objectives.

Staff Recommendation: Approve if this subcommittee approves the Zero-Emission Vehicle Incentive Program.

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