



May 12, 2023

Honorable Nancy Skinner, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Amendment to Budget Bill Items 2600-001-0001, 2600-001-0042, and 2600-001-0046, Support, California Transportation Commission

California Transportation Commission (CTC): Technical Adjustments to Shift the Reduction of 2023-24 Appropriations—It is requested that Item 2600-001-0001 be reduced by \$547,000 and that Item 2600-001-0042 be increased by \$547,000 to offset this General Fund reduction and provide the CTC resources to complete work related to Climate Adaptation from the State Highway Account. The Governor's Budget reduced various items of appropriations in the 2023-24 fiscal year in Control Section 4.07. This is a technical adjustment to provide transparency at the department level by shifting the reductions from the statewide control section to items of appropriation in the applicable departmental budgets.

California Environmental Quality Act Legal Services—It is requested that Item 2600-001-0042 be increased by \$94,000 ongoing and Item 2600-001-0046 be increased by \$106,000 ongoing to secure a contract for legal services to address the Commission's duties related to the California Environmental Quality Act.

The effect of the requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Steve Wells, Principal Program Budget Analyst, at (916) 322-2263.

JOE STEPHENSHAW
Director

/s/ Erika Li

By:
ERIKA LI
Chief Deputy Director

Attachment

cc: Honorable Anthony J. Portantino, Chair, Senate Appropriations Committee
Attention: Mark McKenzie, Staff Director
Honorable Roger W. Niello, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Kirk Feely, Fiscal Director
Honorable Chris R. Holden, Chair, Assembly Appropriations Committee
Attention: Jay Dickenson, Chief Consultant
Honorable Vince Fong, Vice Chair, Assembly Budget Committee
Attention: Joseph Shinstock, Fiscal Director
Honorable Maria Elena Durazo, Chair, Senate Budget and Fiscal Review Subcommittee No. 5
Honorable Steve Bennett, Chair, Assembly Budget Subcommittee No. 3
Gabriel Petek, Legislative Analyst
Christopher W. Woods, Senate President pro Tempore's Office
Jason Sisney, Assembly Speaker's Office
Paul Dress, Caucus Co-Chief of Staff, Assembly Republican Leader's Office
Katja Townsend, Capitol Director, Assembly Republican Leader's Office
Tanisha Taylor, Interim Executive Director, California Transportation Commission
Alicia Sequira Smith, Assistant Deputy Director, California Transportation Commission

May 12, 2023

Honorable Nancy Skinner, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Amendments to and Addition of Various Budget Bill Items and Reimbursements, Support, Capital Outlay, Department of Transportation

FI\$Cal Onboarding—It is requested that Item 2660-001-0042 be increased by \$6,637,000 and 27 positions one-time to begin the Department of Transportation's (CalTrans) onboarding to FI\$Cal. With the requested funding, Caltrans will continue to perform fit-gap analysis and begin the onboarding process for future implementation.

Technical Adjustments—It is requested that various items and reimbursements be adjusted for a total of \$29,842,000 in fiscal year 2023-24 and \$7,253,000 ongoing for technical funding adjustments. These technical adjustments include:

- Increase Item 2660-001-0890 by \$3 million one-time for a Road Usage Charge federal grant.
- Increase Item 2660-001-0042 by \$7,253,000 ongoing for increased vehicle insurance premiums for Caltrans vehicles.
- Increase Item 2660-304-6056 by \$17,689,000 one-time for the Fenix Terminal project located in Los Angeles. The funding for this project was proposed as part of the 2023-24 Governor's Budget, but due to unforeseen project changes, Trade Corridors Improvement Fund funding is now recommended instead of the previously proposed mix of funds.
- Increase Item 2660-304-6059 by \$1.9 million one-time for the Camarillo Station Improvements Project.
- Increase reimbursements to Item 2660-001-0042 by \$10 million due to increased work that is reimbursed by local governments.
- Amend Item 2660-302-0890 to allow funds to be allocated to the new Carbon Reduction Program (see Attachment 1).

Amend Items 2660-101-0042, 2660-102-0042, and 2660-490 to fix typographical and other mistakes in the proposed 2023-24 Governor's Budget (see Attachments 2, 3, and 4).

Reappropriations—It is requested that Item 2660-491 be amended and Item 2660-492 be added to reappropriate funding for the following programs or projects:

- Advantage Management System upgrade (appropriated in Budget Act of 2022) (see Attachment 5).
- Fleet acquisition and replacement (appropriated in Budget Act of 2020) (see Attachment 5).
- State Highway Operations and Protection Program and other projects whose funding has not yet been fully encumbered (see Attachment 6).

Technical Adjustment to Shift Reversion of 2021 Balances—It is requested that Item 2660-496 be added to revert the unexpended balance of appropriations made in the 2021 Budget Act. The 2023-24 Governor's Budget reverted these funds in statewide Control Section 4.06. This is a technical adjustment to provide transparency at the department/agency level by shifting the reversions from the statewide control section to the applicable departmental budget (see Attachment 7). To effectuate this change, it is requested that Item 2660-496 be added as follows:

- Climate Adaptation—Revert \$198 million appropriated in Item 2660-102-0001, Budget Act of 2021. Revert \$1,453,000 appropriated in Item 2660-002-0001.

Reflecting Governor's Budget Solutions—In addition to the changes made in Item 2660-496, the following changes are required to reflect previously proposed Governor's Budget solutions:

- Active Transportation Solution—Amend Item 2660-490 to remove the reappropriation of Item 2660-101-0001, Budget Act of 2021, and increase Item 2660-102-0042 by \$300 million (see Attachment 4). These changes will reduce the Active Transportation Program funding available by a net of \$200 million.
- Climate Adaptation—Increase Item 2660-102-0042 by \$198 million and Item 2660-001-0042 by \$1,453,000. When combined with the reversions in the newly created Item 2660-496, this will result in a net-zero fund swap between General Fund and State Highway Account funding for the Climate Adaptation Program.

The effect of my requested action is reflected on the attachments.

If you have any questions or need additional information regarding this matter, please call Steve Wells, Principal Program Budget Analyst, at (916) 322-2263.

JOE STEPHENSHAW

Director

By:

/s/ Erika Li

ERIKA LI

Chief Deputy Director

Attachment

cc: Honorable Anthony J. Portantino, Chair, Senate Appropriations Committee
Attention: Mark McKenzie, Staff Director
Honorable Roger W. Niello, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Kirk Feely, Fiscal Director
Honorable Chris R. Holden, Chair, Assembly Appropriations Committee
Attention: Jay Dickenson, Chief Consultant
Honorable Vince Fong, Vice Chair, Assembly Budget Committee
Attention: Joseph Shinstock, Fiscal Director
Honorable Steve Bennett, Chair, Assembly Budget Subcommittee No. 3
Honorable Maria Elena Durazo, Chair, Senate Budget and Fiscal Review Subcommittee No. 5
Gabriel Petek, Legislative Analyst
Christopher W. Woods, Senate President pro Tempore's Office
Jason Sisney, Assembly Speaker's Office
Paul Dress, Caucus Co-Chief of Staff, Assembly Republican Leader's Office
Katja Townsend, Capitol Director, Assembly Republican Leader's Office
Toks Omishakin, Secretary, California State Transportation Agency
Carlos Quant, Deputy Secretary, California State Transportation Agency
Tony Tavares, Director, Department of Transportation
Keith Duncan, Chief, Division of Budgets, Department of Transportation

Amend Item 2660-302-0890 as follows:

“2660-302-0890—For capital outlay, Department of Transportation, non-State Transportation Improvement Program (STIP), payable from the Federal Trust Fund..... 5,182,960,000

Schedule:

- (1) 1835019-Capital Outlay Projects 5,182,959,000
 - (a) State Highway Operation and Protection Program.....~~(5,060,958,000)~~~~(5,060,960,000)~~
 - (b) Trade Corridor Enhancement Program (121,999,000)
 - (c) Other Federally Funded Programs.....(2,000)
- (2) 1840028-Intercity Rail Passenger Program 1,000
 - (a) Trade Corridor Enhancement Program (1,000)

Provisions:

1. Notwithstanding the allocation of funds per Provision 7 and provision 8, funds appropriated in this item shall be available for allocation by the California Transportation Commission until June 30, 2025, and available for encumbrance and liquidation until June 30, 2029.
2. Notwithstanding any other law, amounts scheduled in this item may be transferred intraschedule or to Item 2660-101-0890, 2660-102-0890, 2660-301-0890, or 2660-303-0890. These transfers shall require the prior approval of the Department of Finance.
3. For purposes of the Streets and Highways Code, all expenditures from this item shall be deemed to be expenditures from the State Highway Account, State Transportation Fund.
4. Federal funds may be received from any federal source and shall be deposited in the Federal Trust Fund. Any federal reimbursements shall be credited to the account from which the expenditures were originally made.

5. Funds appropriated in this item are not available for expenditure on specialty building facilities. For the purpose of this item, specialty building facilities are equipment facilities, maintenance facilities, material laboratories, and traffic management centers.
6. Notwithstanding any other law, the California Transportation Commission may allocate up to \$60,000,000 from this item to provide the required match to any state-sponsored project receiving a federal grant under the Fostering Advancements in Shipping and Transportation for the Long-term Achievement of National Efficiencies (FASTLANE) grants program authorized by the federal Fixing America's Surface Transportation Act (FAST Act, Public Law 114-94).
7. Of the amount appropriated in Schedule (1)(c), ~~at least~~ \$1,000 shall be for the National Electric Vehicle Infrastructure Formula Program. Funds shall be available for allocation by the department in accordance with grants awarded by the California Energy Commission.
8. Of the amount appropriated in Schedule (1)(c), \$1,000 shall be for the Carbon Reduction Program."

Amend Item 2660-101-0042 as follows:

"2660-101-0042—For local assistance, Department of Transportation, State Transportation Improvement Program (STIP), payable from the State Highway Account, State Transportation Fund 59,193,000

Schedule:

- (1) 1835020-Local Assistance 54,193,000
 - (a) Regional improvements (54,193,000) ~~(100,000,000)~~
 - (b) Interregional improvements (0)
- (2) 1840019-State and Federal Mass Transit 5,000,000"

Amend Provision 2 of Item 2660-102-0042 as follows:

"2. Funds appropriated in Schedule (2) shall be available for allocation until June 30, ~~2025~~2024, and available for encumbrance and liquidation until June 30, ~~2029~~2028."

Amend Item 2660-490 as follows:

“2660-490—Reappropriation, Department of Transportation. The balances of the appropriations provided in the following citations are reappropriated for the purposes provided for in those appropriations and shall be available for encumbrance or expenditure until June 30, 2027:

0001—General Fund

~~(1) Item 2660-101-0001, Budget Act of 2021 (Ch. 43, Stats. 2021 and Ch. 44, Stats. 2022).~~

6056—~~Trade~~Track Corridors Improvement Fund

(1) Section 15 of Chapter 32, Statutes of 2019.”

Add Item 2660-492 as follows:

2660-492 – Reappropriation, Department of Transportation. The amount specified in the following citations are reappropriated for the purposes provided for in those appropriations:

0042—State Highway Account

- (1) Up to \$1,255,000 of the amount appropriated in Schedule (12) of Item 2660-001-0042, Budget Act of 2022. This funding is for the CGI Advantage Upgrade Project.
- (2) Up to \$20,576,000 of the amount appropriated in Schedule (6) of Item 2660-001-0042, Budget Act of 2020. This funding is for fleet acquisition and replacement.
- (3) Up to \$3,193,000 of the amount appropriated in Schedule (13) of Item 2660-001-0042, Budget Act of 2020. This funding is for fleet acquisition and replacement.

Amend Item 2660-491 as follows:

"2660-491—Reappropriation, Department of Transportation. Notwithstanding any other law, the unliquidated encumbrances for the appropriations provided in the following citations are reappropriated until June 30, 2024. The unencumbered balance shall not be available for encumbrance.

0042—State Highway Account

- (1) Item 2660-301-0042, Budget Act of 2012
- (2) Item 2660-302-0042, Budget Act of 2012
- (3) Item 2660-301-0042, Budget Act of 2013
- (4) Item 2660-302-0042, Budget Act of 2013
- (5) Item 2660-301-0042, Budget Act of 2014
- (6) Item 2660-302-0042, Budget Act of 2014
- (7) Item 2660-308-0042, Budget Act of 2014
- (8) Item 2660-301-0042, Budget Act of 2015
- (9) Item 2660-302-0042, Budget Act of 2015
- (10) Item 2660-303-0042, Budget Act of 2015
- (11) Item 2660-308-0042, Budget Act of 2015
- (12) Item 2660-301-0042, Budget Act of 2016
- (13) Item 2660-302-0042, Budget Act of 2016
- (14) Item 2660-303-0042, Budget Act of 2016
- (15) Item 2660-308-0042, Budget Act of 2016
- (16) Item 2660-301-0042, Budget Act of 2017
- (17) Item 2660-302-0042, Budget Act of 2017
- (18) Item 2660-303-0042, Budget Act of 2017
- (19) Item 2660-308-0042, Budget Act of 2017

0046—Public Transportation Account, State Transportation Fund

- (1) Item 2660-301-0046, Budget Act of 2011
- (3) Item 2660-301-0046, Budget Act of 2013
- (4) Item 2660-301-0046, Budget Act of 2014
- (5) Item 2660-101-0046, Budget Act of 2016
- (6) Item 2660-301-0046, Budget Act of 2016

0890—Federal Trust Fund

- (1) Item 2660-301-0890, Budget Act of 2012
- (2) Item 2660-302-0890, Budget Act of 2012
- (3) Item 2660-301-0890, Budget Act of 2013
- (4) Item 2660-302-0890, Budget Act of 2013
- (5) Item 2660-301-0890, Budget Act of 2014

- (6) Item 2660-302-0890, Budget Act of 2014
- (7) Item 2660-308-0890, Budget Act of 2014
- (8) Item 2660-301-0890, Budget Act of 2015
- (9) Item 2660-302-0890, Budget Act of 2015
- (10) Item 2660-303-0890, Budget Act of 2015
- (11) Item 2660-308-0890, Budget Act of 2015
- (12) Item 2660-301-0890, Budget Act of 2016
- (13) Item 2660-302-0890, Budget Act of 2016
- (14) Item 2660-303-0890, Budget Act of 2016
- (15) Item 2660-308-0890, Budget Act of 2016
- (16) Item 2660-301-0890, Budget Act of 2017
- (17) Item 2660-302-0890, Budget Act of 2017
- (18) Item 2660-303-0890, Budget Act of 2017
- (19) Item 2660-308-0890, Budget Act of 2017
- (20) Item 2660-301-0046, Budget Act of 2015
- (21) Item 2660-309-0042, Budget Act of 2017
- (22) Item 2660-301-0046, Budget Act of 2017
- (23) Item 2660-101-0046, Budget Act of 2017
- (24) Item 2660-301-3291, Budget Act of 2017
- (25) Item 2660-302-3290, Budget Act of 2017"

Add Item 2660-496 as follows:

2660-496—Reversion, Department of Transportation. As of June 30, 2023, the balances specified below, of the appropriations provided in the following citations shall revert to the balances in the funds from which the appropriations were made.

0001—General Fund

- (1) Item 2660-002-0001, Budget Act of 2021. \$1,453,000 appropriated in Program 1835020—Local Assistance.
- (2) Item 2660-102-0001, Budget Act of 2021. \$198,000,000 appropriated in Program 1835020—Local Assistance.

May 1, 2023

Honorable Nancy Skinner, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Amendment to Various Budget Bill Items and Reimbursements, Support, Department of Transportation

Project Delivery Workload-Capital Outlay Support—It is requested that various Budget Bill items be increased by a total of \$39,078,000 and 126 positions ongoing to provide resources to address the anticipated Department of Transportation Capital Outlay Support Program workload. This request provides resources that are consistent with the historical 90 percent state staff and 10 percent contract staff shares and includes resources for Broadband Middle Mile workload. This request includes changes to the following items:

- Decrease Item 2660-001-0042 by \$88,152,000 and 148.7 positions and increase reimbursements by \$44,881,000.
- Increase Item 2660-001-0890 by \$117,927,000 and 448.5 positions.
- Increase Item 2660-001-3291 by \$1,151,000 and 0.2 positions.
- Decrease Item 2660-002-3007 by \$627,000 and 1.5 positions.
- Decrease Item 2660-004-6055 by \$1,000.
- Decrease Item 2660-004-6056 by \$483,000 and 1.6 positions.
- Decrease Item 2660-004-6058 by \$11,000.
- Decrease Item 2660-004-6072 by \$839,000 and 0.2 positions.
- Increase Item 2660-009-0042 by \$7,282,000 and 16.8 positions.
- Increase funding pursuant to Government Code Section 8897.3 by \$98,000 and 0.4 positions.
- Decrease funding pursuant to Streets and Highways Code Section 2023(h)(1) by \$42,148,000 and 178.6 positions.

It is also requested that Provisions 14, 18, and 19 of Item 2660-001-0042 be updated (see Attachment 1).

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Steve Wells, Principal Program Budget Analyst, at (916) 322-2263.

JOE STEPHENSHAW

Director

By:

/s/ Erika Li

ERIKA LI

Chief Deputy Director

Attachment

cc: Honorable Anthony J. Portantino, Chair, Senate Appropriations Committee
Attention: Mark McKenzie, Staff Director
Honorable Roger W. Niello, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Kirk Feely, Fiscal Director
Honorable Chris R. Holden, Chair, Assembly Appropriations Committee
Attention: Jay Dickenson, Chief Consultant
Honorable Vince Fong, Vice Chair, Assembly Budget Committee
Attention: Joseph Shinstock, Fiscal Director
Honorable Steve Bennett, Chair, Assembly Budget Subcommittee No. 3
Honorable Maria Elena Durazo, Chair, Senate Budget and Fiscal Review Subcommittee
No. 5
Gabriel Petek, Legislative Analyst
Christopher W. Woods, Senate President pro Tempore's Office
Jason Sisney, Assembly Speaker's Office
Paul Dress, Caucus Co-Chief of Staff, Assembly Republican Leader's Office
Katja Townsend, Capitol Director, Assembly Republican Leader's Office
Toks Omishakin, Secretary, California State Transportation Agency
Mark Tollefson, Undersecretary, California State Transportation Agency
Carlos Quant, Deputy Secretary, California State Transportation Agency
Tony Tavares, Director, Department of Transportation
Keith Duncan, Chief, Division of Budgets, Department of Transportation

Amend the following provisions in Item 2660-001-0042:

14. Of the funds appropriated in Program 1835010-Capital Outlay Support, ~~\$456,026,200~~~~\$432,670,295~~ is for overhead and corporate resources in support of the Capital Outlay Support Program. This amount may be adjusted pursuant to the provisions of Section 3.60 or provisions of Items 9800-001-0001, 9800-001-0494, or 9800-001-0988 with the concurrence of the Department of Finance. The Department of Transportation shall provide quarterly reports, to the Department of Finance, of actual expenditures for overhead and corporate resources beginning October 1, 2015. In addition, the Department of Transportation, in conjunction with the Department of Finance, shall review the overhead and corporate components of the Capital Outlay Support Program. Results associated with this review shall be included in the 2024–25 fiscal year annual May Revision Finance Letter.
18. For Program 1835010-Capital Outlay Support, appropriations include funding and expenditure authority for full-time equivalent staff at an average annual labor rate of ~~\$287,000~~~~\$279,000~~, totaling ~~\$338,331,000~~~~\$325,428,000~~, for project direct external consultant and professional services related to project delivery.
19. For Program 1835010-Capital Outlay Support, appropriations include funding and expenditure authority for state positions and personal services cash overtime totaling ~~\$1,941,800,000~~~~\$1,837,923,000~~ in the program in the 2023–24 fiscal year.

May 12, 2023

Honorable Nancy Skinner, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Amendment to and Addition of Various Budget Bill Items, Support, and Statutory Changes, Department of Motor Vehicles

Reduction of 2023-24 Appropriation (REAL ID)—It is requested that Item 2740-001-0001 be decreased by \$69,070,000 in fiscal year 2023-24 and by \$11,601,000 in 2024-25 to reduce the amount provided for REAL ID workload. As a result of lower revenue projections and a resulting increase in the budget problem, the May Revision proposes adjustments to the REAL ID funding to assist in closing the projected shortfall and ensuring the submission of a balanced budget plan. The federal Department of Homeland Security shift in the REAL ID enforcement date from May 3, 2023, to May 7, 2025 has allowed for more time to meet REAL ID demand. Per this reduction, Provision 1 of Item 2740-001-0001 is no longer necessary; therefore, it is requested that it be eliminated.

Motor Voter—It is requested that Item 2740-001-0001 be increased by \$4,503,000, one-time, for Department of Motor Vehicles (DMV) to plan and initiate an Information Technology (IT) project that will separate the transmittal of voter registration information to the Secretary of State from the completion of any DMV transaction as required by Chapter 314, Statutes of 2021 (AB 796) for the Motor Voter program. It is requested that provisional language be added that will allow DMV to access project funding once planning via the Project Approval Lifecycle process is completed (see Attachment 1).

Digital eXperience Platform (DXP) project Reappropriation—It is requested that Item 2740-492 be added to reappropriate \$30,016,000 of previously approved Motor Vehicle Account funding for DMV to continue the DXP project, the comprehensive modernization of DMV's IT systems. DMV required potential vendors to conduct extensive testing before awarding the contract, causing a delay in the encumbrance of funding. The next contract award for DMV's driver licensing software is currently scheduled for June 2023. This request will make funds available if this next award period extends into 2023-24 (see Attachment 2).

Commercial Driver Licensing Information System Project Reappropriation—It is requested that Item 2740-493 be added to reappropriate \$6,580,000 of previously-approved Motor Vehicle Account funding for DMV to continue planning and project activities for the federally-mandated Commercial Driver Licensing Information System. Planning and project funds were originally approved in the 2021 Budget Act so that DMV could be compliant by the federal deadline of November 1, 2022. However, the federal Department of Homeland Security moved the deadline for California to enter the nationwide system to share and receive general data related to commercial driver licenses to August 22, 2024, and for drug and alcohol related data by November 18, 2024 (see Attachment 3).

Reversion of 2021 Appropriation (REAL ID)—It is requested that Item 2740-495 be added to revert \$24 million of the unexpended balance of appropriations made for REAL ID transactions in the 2021 Budget Act given a longer federal REAL ID implementation timeline. As a result of lower revenue projections and a resulting increase in the budget problem, the May Revision proposes adjustments to this expenditure to assist in closing the projected shortfall and ensuring the submission of a balanced budget plan (see Attachment 4).

Modification to Mobile Driver License Pilot Statutes—It is requested that statutory changes be added to increase the mobile driver license pilot program testing population cap from 0.5 percent of licensed drivers to 5 percent. The pilot program creates a mobile application for California driver licenses so that a customer can use it in place of a physical card. In working with major phone application developers, DMV discovered that the 0.5 percent cap, equivalent to 137,000 users, is too small of a sample size to achieve meaningful testing of the application. The proposed increase to 5 percent of licensed drivers, equivalent to 1.37 million users, is expected to generate sufficient data for meaningful analysis of the application (see Attachment 5).

The effect of my requested action is reflected on the attachments.

If you have any questions or need additional information regarding this matter, please call Eamon Nalband, Principal Program Budget Analyst, at (916) 322-2263.

JOE STEPHENSHAW

Director

By:

/s/ Erika Li

ERIKA LI

Chief Deputy Director

Attachment

cc: On following page

cc: Honorable Anthony J. Portantino, Chair, Senate Appropriations Committee
Attention: Mark McKenzie, Staff Director
Honorable Roger W. Niello, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Kirk Feely, Fiscal Director
Honorable Chris R. Holden, Chair, Assembly Appropriations Committee
Attention: Jay Dickenson, Chief Consultant
Honorable Vince Fong, Vice Chair, Assembly Budget Committee
Attention: Joseph Shinstock, Fiscal Director
Honorable Steve Bennett, Chair, Assembly Budget Subcommittee No. 3
Honorable Maria Elena Durazo, Chair, Senate Budget and Fiscal Review Subcommittee No. 3
Gabriel Petek, Legislative Analyst
Christopher W. Woods, Senate President pro Tempore's Office
Jason Sisney, Assembly Speaker's Office
Paul Dress, Caucus Co-Chief of Staff, Assembly Republican Leader's Office
Katja Townsend, Capitol Director, Assembly Republican Leader's Office
Toks Omishakin, Secretary, California State Transportation Agency
Mark Tollefson, Undersecretary, California State Transportation Agency
Carlos Quant, Deputy Secretary for Budget and Administration, California State
Transportation Agency
Steve Gordon, Director, Department of Motor Vehicles
Lee Scott, Chief Budget Officer, Department of Motor Vehicles

Add Provision 3 to Item 2740-001-0001 as follows:

3. Notwithstanding any other law, \$4,503,000 of the amount included in this item shall be allocated upon approval of the Department of Finance for the Chapter 314, Statutes of 2021 (AB 796) project. Stage 4 of the Project Approval Lifecycle Process must be approved by the California Department of Technology prior to the release of these funds.

2740-492—Reappropriation, Department of Motor Vehicles. The amount specified in the following citations are reappropriated for the purposes provided for in those appropriations and shall be available for encumbrance or expenditure until June 30, 2024:

0044—Motor Vehicle Account, State Transportation Fund

(1) Up to \$30,016,000 in Item 2740-001-0044, Budget Act of 2021 (Chs. 21, and 69, Stats. 2021), as reappropriated by Item 2740-490, Budget Act of 2022 (Chs. 43, and 45, Stats. 2022).

2740-493—Reappropriation, Department of Motor Vehicles. The amount specified in the following citations are reappropriated for the purposes provided for in those appropriations and shall be available for encumbrance or expenditure until June 30, 2024:

0044—Motor Vehicle Account, State Transportation Fund

(1) Up to \$6,580,000 in Item 2740-001-0044, Budget Act of 2021 (Chs. 21, and 69, Stats. 2021), as reappropriated by Item 2740-490, Budget Act of 2022 (Chs. 43, and 45, Stats. 2022).

2740-495—Reversion, Department of Motor Vehicles. As of June 30, 2023, the balances specified below, of the appropriations provided in the following citations shall revert to the balances in the funds from which the appropriations were made.

0001—General Fund

(1) \$24,000,000 in Item 2740-001-0001, Budget Act of 2021, appropriated for REAL ID workload demands.

An act to amend Section 13020 of the Vehicle Code.

Section 1. Section 13020 of the Vehicle Code is amended to read:

"13020. (a) The department may establish a pilot program to evaluate the use of optional mobile or digital alternatives to driver's licenses and identification cards, subject to all of the following requirements:

(1) Any pilot program established by the department pursuant to this subdivision shall be limited to both of the following:

(A) Persons who have voluntarily chosen to participate in the pilot program.

(B) No more than ~~0.5~~ five (5) percent of licensed drivers for the purpose of evaluation.

(2) A participant in any pilot program established by the department pursuant to this subdivision may terminate their participation in the pilot program at any time, and may, upon termination, request the deletion of any data associated with their participation in the program. Within 10 days of any such request, the department and all entities contracted with the department for the purpose of effectuating the pilot program shall delete all data collected or maintained pursuant to the participant's participation in the program.

(3) All participants shall receive both a physical and, if requested, an immutable and unique driver's license or identification card.

(b) In developing and implementing the use of digital driver's licenses and identification cards, the department shall ensure the protection of personal information and include security features that protect against unauthorized access to information, including, but not limited to, all of the following:

(1) Ensuring that any remote access to the digital driver's license or identification card shall require the express, affirmative, real-time consent of the person whose digital driver's license or identification card is being requested for each piece of information being requested, and shall be limited to only that information which is provided on a physical driver's license or identification card.

(2) Ensuring that the digital driver's license or identification card, as well as any mobile application required for the digital driver's license or identification card, shall not contain or collect any information not strictly necessary for the functioning of the digital driver's license, identification card, or mobile application, including, but not limited to, any information relating to movement or location.

(3) Ensuring that the information transmitted to the digital driver's license or identification card, as well as any mobile application required for the digital driver's license or identification card, is encrypted and protected to the highest reasonable security standards broadly available, including ISO-18013-5, FIPS ~~140-3~~ 140-3, NIST 800-53 Moderate, and cannot be intercepted while being transmitted from the department.

(c) (1) In the conduct of any pilot program pursuant to this section, any data exchanged between the department and any electronic device, between the department and the provider of any electronic device, and between any electronic device and the provider of that electronic device, shall be limited to those data necessary to display the information necessary for a driver's license or identification card.

(2) An entity contracted with the department for this purpose shall not use, share, sell, or disclose any information obtained as part of this contract, including, but not limited to, any information about the holder of a digital driver's license or identification card,

except as is necessary to satisfy the terms of the contract. Upon termination or expiration of any contract entered into for this purpose, the contracting entity shall delete any data collected or generated in the course of activities pursuant to that contract within 30 days.

(d) (1) The holder of a digital driver's license or identification card shall not be required to turn over their electronic device to any other person or entity in order to use the digital driver's license or identification card for identity verification.

(2) The holder of a digital driver's license or identification card showing or turning over their electronic device to any other person or entity in order to use the digital driver's license or identification card for identity verification shall not constitute consent to a search, nor shall it constitute consent for access to any information other than that which is immediately available on the digital driver's license or identification card. Information incidentally obtained in the process of viewing a digital driver's license or identification card in order to verify the identity of the holder shall not be used to establish probable cause for a warrant to search the electronic device.

(3) Any request for remote access to their digital driver's license or identification card for identity verification shall require the express consent of the holder of the digital driver's license or identification card, shall be limited to the content of the digital driver's license or identification card specified in the request for remote access, and shall not exceed the information available on a physical driver's license or identification card.

(4) Consent to remote access to a digital driver's license or identification card by the holder shall not constitute consent to a search, nor shall it constitute consent for access to any information other than that which is immediately available on the digital driver's license or identification card. Information incidentally obtained in the process of remotely accessing a digital driver's license or identification card shall not be used to establish probable cause for a warrant to search the electronic device.

(e) (1) A participant in any pilot program established by the department pursuant to this section shall not be required to use a digital driver's license or identification card rather than a physical driver's license or identification card for the purpose of identity verification, nor shall their participation in the pilot program preclude their use of a physical driver's license or identification card under any circumstances.

(2) A person or entity shall not provide preferential service based on a person's use of a digital driver's license or identification card rather than a physical driver's license or identification card.

(f) The pilot program may include the issuance of mobile or digital Real ID driver's license or identification cards upon authorization of the United States Secretary of Homeland Security.

(g) If the department conducts a pilot program authorized in subdivision (a), the department shall, no later than July 1, 2026, submit a report regarding the pilot program to the Legislature, in compliance with Section 9795 of the Government Code, to include, but not be limited to, all of the following:

(1) A review of all products evaluated in the pilot program and of the features of those products. The report shall note any security features to protect against unauthorized access to information.

(2) Lessons learned from the pilot program with regards to the utility of a mobile driver's license program, or risks and solutions related to the implementation of a mobile driver's license program.

(3) Recommendations for subsequent actions, if any, that should be taken with regard to alternative options for digital driver's licenses or identification cards evaluated in the pilot program.

(4) An estimate of the fiscal impact of the deployment of a mobile driver's license program, including the estimated impact to the Motor Vehicle Account established pursuant to Section 42271.

(h) As part of the 2022–23 budget, the department shall report to the Legislature on the status of the pilot program, including, but not limited to, all of the following:

(1) The scope of the pilot program, including pilot program goals and processes.

(2) The timeline for the pilot program.

(3) The fiscal impact of the pilot program."

May 12, 2023

Honorable Nancy Skinner, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Amendment to Budget Bill Item 2740-301-0660 and Addition of Budget Bill Item 2740-496, Capital Outlay, Department of Motor Vehicles

Delano: Field Office Replacement-Revert and Fund New—It is requested that Item 2740-301-0660 be increased by \$17,314,000 one-time for the construction phase of the Delano: Field Office Replacement project. This represents an overall construction cost increase of \$5,899,000 for the project and a shift in funding from General Fund to the Public Building Construction Fund (see Attachment 1).

It is further requested that Item 2740-496 be added to revert \$11,415,000 General Fund for the construction phase of the Delano project (See Attachment 2). This represents a partial reversion, as \$5,567,000 of the original construction appropriation has already been expended or committed for activities related to staging and site work.

The general contractor for the Delano project was released in February 2023 and the construction phase of the project must now be rebid. Project costs have increased due to supply chain challenges and inflationary pressures.

Technical Error in the April 1 Request—New funding requested for the Inglewood: Field Office Replacement project was incorrectly categorized as the design-build phase in Attachment 1 of the April 1 Finance Letter. It should be for the construction phase as reflected in Attachment 1 of this letter.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Matt Schuller, Principal Program Budget Analyst, at (916) 445-9694.

JOE STEPHENSHAW
Director
By:

/s/ Erika Li

ERIKA LI
Chief Deputy Director

Attachment

cc: Honorable Anthony J. Portantino, Chair, Senate Appropriations Committee
Attention: Mark McKenzie, Staff Director
Honorable Roger W. Niello, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Kirk Feely, Fiscal Director
Honorable Chris R. Holden, Chair, Assembly Appropriations Committee
Attention: Jay Dickenson, Chief Consultant
Honorable Vince Fong, Vice Chair, Assembly Budget Committee
Attention: Joseph Shinstock, Fiscal Director
Honorable Steve Bennett, Chair, Assembly Budget Subcommittee No. 3
Honorable Maria Elena Durazo, Chair, Senate Budget and Fiscal Review Subcommittee
No. 5
Gabriel Petek, Legislative Analyst
Christopher W. Woods, Senate President pro Tempore's Office
Jason Sisney, Assembly Speaker's Office
Paul Dress, Caucus Co-Chief of Staff, Assembly Republican Leader's Office
Katja Townsend, Capitol Director, Assembly Republican Leader's Office

"2740-301-0660—For capital outlay, Department of Motor Vehicles, payable from the Public Buildings Construction Fund~~63,616,000~~80,930,000

Schedule:

(1)	0006796-San Francisco: Field Office Replacement	41,654,000
	(a) Design-build	41,654,000
(2)	0000709-Inglewood: Field Office Replacement	21,962,000
	(a) Design-build <u>Construction</u>	21,962,000
<u>(3)</u>	<u>0000707-Delano: Field Office Replacement</u>	<u>17,314,000</u>
	<u>(a) Construction</u>	<u>17,314,000</u>

Provisions:

1. The Department of Motor Vehicles, the Department of General Services, and the State Public Works Board are authorized to execute and deliver any and all leases, contracts, agreements, or other documents necessary or advisable to consummate the sale and issuance of bonds in accordance with the State Building Construction Act of 1955 (Part 10b (commencing with Section 15800) of Division 3 of Title 2 of the Government Code) or otherwise to effectuate the financing of the scheduled project."

2740-496—Reversion, Department of Motor Vehicles. As of June 30, 2023, the unencumbered balances of the appropriations provided in the following citations shall revert to the fund balances of the funds from which the appropriations were made:

0001—General Fund

(1) Item 2740-301-0001, Budget Act of 2021

(1) 0000707-Delano: Field Office Replacement

(a) Construction