

GOVERNOR'S 1998-99 BUDGET PROPOSAL FOR: TRANSPORTATION

The Governor's budget proposes expenditures on roads, highways, mass transit, vehicle licensing and registration, and public safety of \$8.2 billion, an increase of \$101.6 million, or 1.3 percent, over revised current year spending. Transportation funding includes the Department of Transportation, California Transportation Commission, California Highway Patrol, Department of Motor Vehicles, and Office of Traffic Safety as shown in Table 1. Transportation programs are funded with state and federal fuel taxes, sales and use taxes on diesel fuel, bond proceeds, motor vehicle and driver licensing fees, truck and trailer fees, and local sales taxes.

Table 1

| TRANSPORTATION EXPENDITURES (Dollars in thousands) | | | |
|--|-------------------------------------|--------------------------------------|-----------------------|
| Agency | Revised 1997-98 Expenditures | Proposed 1998-99 Expenditures | Percent Change |
| Caltrans | \$6,338,129 | \$6,409,563 | 1.13 |
| California Highway Patrol | 870,041 | 872,377 | 0.27 |
| Department of Motor Vehicles | 573,280 | 584,073 | 1.88 |
| California Transportation Commission | 227,445 | 227,420 | -0.01 |
| Office of Traffic Safety | 25,513 | 25,590 | 0.30 |
| High Speed Rail Authority | 1,500 | 3,000 | 100.00 |

MAJOR PROPOSALS

The major transportation proposals contained in the Governor's 1998-99 budget include:

- \$41.5 million for the Capital Outlay Support program as a placeholder until the 1998 State Transportation Improvement Program (STIP) is approved;
- \$10.9 million to address traffic congestion, including increased funding for night maintenance operations, traffic manager coordination, and accident investigation personnel;

- \$528 million for seismic retrofit of the State's toll bridges in 1998-99, reflecting legislation passed last year that spreads the seismic retrofit costs across the State by using state funds, while also relying on the new one-dollar surcharge on affected State toll bridges;
- \$12.4 million to expand intercity rail service on the San Joaquin and Capitol routes; and
- The Motor Vehicle Account remains in balance by maintaining the "band-aid" solution used in 1997-98 and postponing repayment of the \$35 million loan from the State Highway Account.

DEPARTMENT OF TRANSPORTATION

The Department of Transportation (Caltrans) constructs, operates, and maintains a comprehensive transportation system of more than 15,200 miles of highways and freeways. Caltrans also provides rail passenger services under a contract with Amtrak and provides support to local airports. The Governor's budget proposes \$6.4 billion for 1998-99, an increase of \$71 million, or 1.1 percent, over revised current-year funding. The proposed budget also includes an increase of personnel years by 748 to 18,253, or 4.3 percent.

New State Transportation Improvement Program (STIP): Senate Bill 45 (Kopp), Chapter 622, Statutes of 1997, made extensive changes to the STIP, which is the mechanism by which state and federal funds are allocated for local transportation projects. Prior to this legislation, the STIP was a seven-year programming document adopted biennially in even-numbered years. Under the changes, the STIP becomes a four-year program, with the exception of the 1998 STIP, which will be a transitional six-year program.

The Governor's budget provides Caltrans \$41.5 million for Capital Outlay Support as a placeholder until it becomes clear what the 1998 STIP will include. As a result, STIP funding proposals will be provided through the Finance Letter process later this spring.

Under the new STIP, 75 percent of available funds are to go toward regional projects. Caltrans is limited to nominating projects for interregional projects with the remaining 25 percent of available funds.

The STIP changes were intended to simplify the programming process and increase accountability. The new STIP requires the California Transportation Commission (Commission) to include all projects selected by regional agencies as part of their Regional Transportation Improvement Programs (RTIPs).

Contracting Out: The Governor's budget proposes no new contract positions. Last year, the California Supreme Court limited the situations in which Caltrans can use contract employees in the place of state engineers.

The budget does include, however, funding for current contract employees conducting seismic work, which was not precluded by the California Supreme Court's ruling. Whether contract employees can perform the State's seismic work is the issue currently being litigated, and is scheduled to be heard by the California Supreme Court in March 1998. The court's ruling will determine whether the funding included in the budget is appropriate.

Congestion Relief: The Governor's budget proposes to augment Caltrans' budget by \$10.9 million for reducing traffic congestion. The bulk of the new funding is for increasing the use of night maintenance and establishing Regional Traffic Managers.

The budget includes \$8.8 million to increase the use of night maintenance in the Bay Area and Los Angeles, thereby reducing traffic delays attributed to maintenance activities conducted during peak hours. Night maintenance requires additional funding to cover increased labor costs, higher fees charged by suppliers for nighttime deliveries, and additional equipment, such as lighting, needed to perform night maintenance.

The budget provides \$1.1 million to establish Regional Traffic Managers for four districts throughout the state. The Regional Traffic Managers will serve as "Closure Czars", meaning they will make all decisions regarding lane closures throughout the district. With Regional Traffic Managers, Caltrans aims to better coordinate lane closures to avoid multiple closures in concentrated areas.

Highway Maintenance: The Governor's budget proposes \$660.5 for maintenance of the State Highway System (SHS), an increase of \$15.8 million, or 2.5 percent, over revised current year funding. Constant underfunding and increasing seismic retrofit costs have created a significant maintenance backlog.

The budget includes \$55 million, a \$10 million, or 22 percent, increase for maintenance of rigid and flexible roadbed inventory projects, reflecting a change in methodology for determining maintenance needs. In the past, Caltrans calculated inventory needs based on what had been spent in the past in addition to inventory increases in the upcoming year. This inventory-based methodology failed to adequately determine maintenance needs because of underfunding in prior years and accelerating deterioration due to increased use of state highways. The proposed budget incorporates a needs-based inventory methodology that should begin to address the historic backlog of highway maintenance.

The budget also includes \$83.6 million for electrical elements of the SHS, including sign lights and traffic signals, an increase of \$4.9 million, or 6.2 percent. The proposal is based on new electrical inventory to the SHS. The inventory-based methodology still serves as an accurate predictor of electrical maintenance needs since routine

preventative maintenance is performed on a prescribed basis, therefore past funding, plus added inventory, accurately measures maintenance needs.

Intercity Rail Service: The Governor's budget proposes a \$12.4 million augmentation for increased Amtrak costs and expanded rail service. Through a contract with Amtrak, Caltrans administers intercity passenger rail services on three routes. The routes include: the San Diegan, which runs between San Diego, Los Angeles, Santa Barbara, and San Luis Obispo; the San Joaquin, which currently runs between Bakersfield, Stockton, and Oakland; and the Capitol, which runs between Roseville, Sacramento, Oakland, and San Jose.

The budget proposes \$9.5 million to expand the Capitol and the San Joaquin routes. This includes \$5.1 million to add a fifth and sixth train to the Capitol route and \$4.3 million to add a fifth train to the San Joaquin route. The additional San Joaquin train will run between Bakersfield, Stockton, and Sacramento, while the other four trains will continue to run between Bakersfield, Stockton, and Oakland.

The proposed budget also includes \$3 million for increased contract costs with Amtrak. The state must pay increased costs to Amtrak as a result of progressive reductions of federal funding for state-supported intercity rail service.

DEPARTMENT OF MOTOR VEHICLES

The Department of Motor Vehicles' (DMV) responsibilities include protecting the public interest in vehicle ownership by registering vehicles and promoting public safety on roads and highways by issuing driver licenses. In addition, the DMV licenses and regulates vehicle-related businesses and provides revenue collection services for state and local agencies.

The Governor's budget proposes \$584 million for the DMV, an increase of \$9.8 million, or 1.9 percent, over revised current year spending.

Motor Vehicle Account (MVA) Condition: The proposed DMV budget includes \$310.1 million from the MVA, representing 53 percent of the DMV's total funding. The MVA remains solvent and is expected to have a reserve of \$75.4 million at the end of the 1998-99 fiscal year.

The MVA's solvency is due to the "band-aid" solution used in the 1997-98 Budget Act that increased various fees, shifted funding for the CHP's Commercial Vehicle Inspection Program from the MVA to the State Highway Account (SHA), and borrowed \$35 million from the SHA.

The budget contains no new fees, however it postpones the repayment of the \$35 million loan that was due June 30, 1999. In addition, the budget continues the fund shift for the CHP's Commercial Vehicle Inspection Program.

Fraudulent Activities: The Governor's budget proposes \$3.8 million to combat fraudulent activities regarding the issuance of important documents, such as driver licenses, identification cards, and vehicle title and registration documents. The proposed resources would be used to detect, investigate, and prosecute fraudulent activities by employees and non-employees.

The DMV reports that driver license and identification card fraud has increased 40 percent over the last three years and 20 percent in the last fiscal year alone.

At least a portion of the fraud increases can be attributed to ill-conceived legislative changes that require proof of legal presence in the United States when applying for driver licenses and identification cards. Certain individuals, who are otherwise law-abiding, must secure driver licenses and identifications through fraudulent means in order to continue as productive and contributing members of society.

Increased Workload and Filed Office Relocations: The Governor's budget includes a \$9.7 million increase and 130 new positions to address increased workload. Of this amount, \$4.1 million is to maintain customer service at a level previously approved by the Legislature and the Governor. Another \$4.1 million is proposed to cover increased expenses pertaining to postage, license plates, and registration stickers.

The proposal also includes almost \$900,000 to relocate the Gilroy and Porterville field offices. Among other factors, the relocations are necessitated by the current facilities being out of compliance with the Americans with Disability Act.

Immigration Status Determinations: The Governor's budget proposes \$1.2 million to establish 33 permanent positions for the purpose of verifying the immigration statuses of applicants for occupational licenses and commercial driver licenses. Federal welfare reform legislation, the Personal Responsibility and Work Opportunity Act of 1996, denies public benefits to undocumented immigrants. The DMV interprets public benefits to include professional or commercial driver licenses, and thus requires applicants to prove eligibility to work in the United States.

The budget proposes the additional positions as an alternative to redirecting existing departmental resources out of fear of harming customer service. However, as a separate proposal, the budget includes 130 new positions to specifically maintain customer service levels (see above). In addition, the DMV already has terminals linked to the Immigration and Naturalization Service and significant staff already exists to make eligibility determinations for professional licenses and commercial driver licenses. Therefore, it remains unclear why additional positions are proposed for the specific purpose of making immigration status determinations of occupational license and commercial driver license applicants.

CALIFORNIA HIGHWAY PATROL

The California Highway Patrol (CHP) is responsible for ensuring the safe, lawful, and efficient transportation of persons and goods along the State's highway system, and providing protective services and security for state employees and property.

The Governor's budget proposes \$872 million for the CHP, an increase of \$2.3 million, or .3 percent, over revised current year funding. The budget proposes to continue funding the CHP's Commercial Vehicle Inspection Program with \$31.8 million from the State Highway Account. Funding for this program was shifted away from the Motor Vehicle Account (MVA) in the current year budget in an attempt to keep the MVA solvent.

Patrol Officer Environment Automation Project (POEAP): The budget proposes to augment the POEAP by \$4.7 million. The POEAP aims to enhance service, improve officer safety, and increase staff efficiency.

The increased funds will primarily be used to equip an additional 441 CHP vehicles with laptop computers. The reported benefits of the laptop computers include: reducing radio congestion so that lines are available for critical situations; enhancing efficiency of report filing in order to increase officer patrol time; and providing more complete information to officers through direct electronic access to enforcement data.

Salary Increase: As proposed, the budget contains a sufficient carryover balance in the MVA from the 1997-98 fiscal year to provide CHP officers with a general salary increase. One goal of last year's MVA solvency solution was to ensure a sufficient reserve in the event the Governor and CHP officers reached a salary increase agreement through the collective bargaining process.