

# BUSINESS, TRANSPORTATION, AND HOUSING

The programs within the Business, Transportation, and Housing Agency promote the state's business and economic climate, transportation infrastructure, and affordable housing. The Agency also includes public safety programs, including the Department of Motor Vehicles, the California Highway Patrol, and the Department of Alcoholic Beverage Control. Funding for all programs exceeds \$19.7 billion, which is derived largely from special fund revenues, federal funds, and bond proceeds.

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## DEPARTMENT OF TRANSPORTATION

The Department of Transportation (Caltrans) has almost 20,000 employees and a budget of \$13.2 billion. Caltrans designs and oversees the construction of state highways, operates and maintains the highway system, funds three intercity passenger rail routes, and oversees funding for local mass transit projects. Approximately 50,000 road and highway lane miles and 12,910 state bridges are maintained, and 812 public-use and special-use airports and heliports are inspected. The largest sources of funding for transportation projects are excise taxes paid on fuel consumption, federal funds also derived from fuel taxes, and weight fees on trucks. Bond funds currently provide approximately 30 percent of the total funding available.

Proposal to Balance the Budget:

- *Special Fund Transfers to the General Fund*—A transfer of \$184 million in 2011-12 and \$128.2 million annually starting in 2012-13 from several special funds to the

General Fund. The fuel tax swap enacted in the 2010 Budget Act eliminated the state sales tax on gasoline and increased the gasoline excise tax by a like amount. A portion of the new excise tax revenue on gasoline is attributable to fuel purchased for off-highway vehicles. Unlike the other transportation funds, these revenues are not restricted by the state Constitution. The structural components of the fuel tax swap will continue, including funding related to the backfill of Proposition 42 sales tax dollars. Specifically, the May Revision includes \$708.5 million for local roads and \$901.7 million for Caltrans highway projects associated with former Proposition 42 funding. Revenues for off-highway programs funded from the base 18-cent excise tax will not be affected by this proposal.

### Other Significant Adjustments:

- *Implementation of the Northern California Unified Rail Service*—An increase of \$705,000 Public Transportation Account and seven positions in 2012-13 to enable Caltrans to work with the High-Speed Rail Authority and other local and regional rail operators to improve service on Northern California intercity rail lines, consistent with the blended system presented in the High-Speed Rail Authority's revised 2012 Business Plan. Upon completion of the first construction segment of the Initial Operating Section, the upgraded infrastructure will enable trains to operate at speeds of up to 125 miles per hour between Bakersfield and the Bay Area and Sacramento, compared to the existing maximum speed of 79 miles per hour. These positions will start the early planning work necessary to begin operation upon completion of the first construction segment in 2018.
- *Capital Outlay Support (COS)*—A reduction of \$14.5 million (other funds) and 330 state positions in 2012-13 for engineering, design, and construction oversight activities in Caltrans' COS Program. While Proposition 1B work continues, overall Caltrans' COS workload is anticipated to decrease significantly as a result of the expiration of federal American Recovery and Reinvestment Act funds. This proposed level of staffing will establish an 89/11 percent split of state staff to architectural and engineering consultant contracts consistent with the State Auditor's recommendation that Caltrans utilize flexible staff resources to ramp down state staff based on future workload needs, which are expected to decrease as Proposition 1B projects approach completion. This proposal will represent the lowest number of positions in the COS Program since 1997-98.

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## DEPARTMENT OF MOTOR VEHICLES

The Department of Motor Vehicles has a budget of approximately \$963.6 million and more than 8,221 positions to license California drivers, register vehicles, and provide identification cards.

Proposal to Balance the Budget:

- *Special Fund Loan to the General Fund*—A loan of \$300 million in 2012-13 from the fund balance in the Motor Vehicle Account (MVA). The MVA collects revenues from vehicle registrations and for the issuance of drivers' licenses and identification cards. Due to savings from the workforce cap, other operational efficiencies, and the completion of several projects, the MVA will accumulate a larger fund balance than is needed for budget year operations. The May Revision proposes to withdraw the \$5 fee reduction proposed in the Governor's Budget, and to instead loan these resources to the General Fund. The MVA will still retain a prudent fund balance after the \$300 million loan. The loan will be repaid by June 30, 2016.

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