TRANSPORTATION

Job creation is foundational to the state's recovery from the significant impacts of the COVID-19 Pandemic. The Department of Transportation (Caltrans) currently estimates that approximately 11,000 jobs are created for every billion dollars spent on highway infrastructure. The California Transportation Commission allocated $22 billion for more than 1,200 projects in 2020, which will create thousands of jobs and spur economic recovery. The projects funded will support a safe, sustainable state transportation system that reduces congestion, improves the environment, and facilitates job creation and economic development. Nearly 40 percent of the funds approved by the Commission during the past year come from the Road Repair and Accountability Act of 2017, enacted by Chapter 5, Statutes of 2017 (SB 1), and the Commission estimates that its project allocations over the past three years from all state and federal sources have generated 350,000 jobs.

The Budget continues to support job creation by including total funding of $20.6 billion for all departments and programs administered within the California State Transportation Agency. The majority of this funding supports a range of projects to repair and improve the state's transportation infrastructure. In addition, over $3 billion in fuel excise tax revenues goes to cities and counties for local streets and roads. While this project funding benefits the state's travelling public, it is also a major driver of employment and economic stimulus.

DEPARTMENT OF TRANSPORTATION INVESTMENTS AND JOB CREATION

The repair, maintenance, and efficient operation of the state's transportation system are vital to California's economic growth and recovery. Following several decades of state and local transportation funding falling dramatically below the levels needed to maintain the system, the Legislature passed SB 1, which provided stable, ongoing, long-term funding for both state and local transportation infrastructure priorities. In the years since, Caltrans has moved forward with a number of projects that continue to create jobs.

The COVID-19 Pandemic has led to dramatic reductions in travel across the country and the state. As a result, the fuel excise tax revenues used to fund transportation projects, while still growing moderately, are expected to be lower than pre-pandemic forecasts by a total of $1.5 billion through 2024-25. As the Administration continues to prioritize economic recovery and investments in California's transportation infrastructure, Caltrans has used its share of the additional SB 1 revenues to accelerate projects and support creation of new jobs in the transportation sector. The Budget maintains sufficient planning and engineering staffing levels to continue developing and designing previously programmed projects. Caltrans plans to award all of the projects it currently has programmed for construction in the coming year, and this project development work will prepare for additional federal stimulus funding as it becomes available. The recently enacted federal COVID-19 relief bill provides $10 billion for highway projects, of which California is likely to receive approximately $900 million. When combined with the more than $500 million California received in the redistribution of federal funding that went unused in other states, California is on track to move forward with all planned projects.

Caltrans continues to make progress on the commitments made in SB 1, which invests an additional $5.4 billion annually over the next decade to fix California's transportation system. In the three years since the passage of SB 1, Caltrans has improved the condition of 6,400 lane miles of highway pavement in California, exceeding projections. In the same time period, Caltrans has repaired 635 bridges, which reflects an increase of almost 300 bridges over what would have been possible without the funding provided by SB 1. For the four-year period from 2020-21 through 2023-24, $17.4 billion is programmed for new and ongoing state highway repair and rehabilitation projects in the State Highway Operations and Protection Program (SHOPP). SB 1 has increased available SHOPP funding capacity by nearly $2 billion annually since 2018-19.

Over this same four-year period, $2.4 billion will be available for the State Transportation Improvement Program, which provides funding for future multi-modal transportation improvements throughout California. This program supports the implementation of regional Sustainable Community Strategies (75 percent), as well as interregional travel (25 percent). An additional $1 billion to address traffic congestion, $900 million to provide projects that support walking and biking, and $800 million for partnerships with local transportation agencies are also included during this period. Transportation projects will continue to be a strong source of job creation in the state.

HIGH-SPEED RAIL AND JOB CREATION

The state's High-Speed Rail project is another important job creator. The High-Speed Rail Authority continues to construct the Central Valley segment to provide electrified High-Speed Rail from Merced to Bakersfield with Proposition 1A bonds, federal funds, and 25 percent of the continuously appropriated Cap and Trade auction proceeds. The Authority recently announced it has passed the milestone of more than 5,000 construction jobs added to the Central Valley project, and the state has committed $1.1 billion to locally-sponsored projects in northern and southern California that will improve local rail service and benefit High-Speed Rail when the system is connected to those areas.

ADDRESSING CLIMATE CHANGE

As the state continues to invest in the road maintenance and repairs identified above, it is doing so in ways that are resilient in the face of climate change. The California State Transportation Agency continues to address the impacts of the transportation sector on climate change and greenhouse gas emissions, pursuant to the goals and requirements in Executive Orders N-19-19 and N-79-20. The State Transportation Agency is directed to leverage over $5 billion in annual state transportation spending for construction, operations, and maintenance to help reverse the trend of increased fuel consumption and reduce greenhouse gas emissions associated with the transportation sector.

The Agency will work collaboratively with other state departments and agencies to identify near term actions and investment strategies and to improve clean transportation and sustainable freight and transit options. Currently, the Agency is working with Caltrans, the California Transportation Commission, the Department of Finance, and other state agencies to develop the Climate Action Plan for Transportation Infrastructure (CAPTI) by July 15, 2021. The CAPTI will identify near-term actions and investment strategies to leverage existing state transportation funds to help reverse the trend of increased fuel consumption and reduce greenhouse gas emissions from the transportation sector, while continuing the SB 1 commitment to a "fix-it-first" approach to our transportation system. Specifically, the CAPTI will (1) build towards an integrated, statewide rail and transit network, (2) support bicycle, pedestrian, and micro-mobility options, (3) support the deployment of light, medium, and heavy-duty zero-emission vehicle infrastructure, and (4) support innovative solutions to congestion designed to encourage people to shift from cars to other modes of transportation. The CAPTI will identify the actions necessary to change the state's transportation project planning and programming to reach California's climate change goals.

Investment in public transportation and intercity rail will continue to be a key component of the state's resilience in the face of climate change. Public transit and intercity rail services provide essential transportation to Californians, however ridership has been deeply impacted during the COVID-19 Pandemic. This has resulted in significant financial hardship for these entities. In April, the California State Transportation Agency awarded $500 million in Transit and Intercity Rail Capital Program grants to support transit agencies' long-term, transformative capital projects to be completed in the years to come and aid in economic recovery. The federal CARES Act provided nearly $3.7 billion in funding directly to local transit agencies, with another $95 million available through Caltrans for rural transit and intercity bus services. However, many agencies furloughed workers and curtailed service due to significant reductions in revenues and higher expenses related to serving essential workers and other travelers during the COVID-19 Pandemic.

While transit agency budgets have been strained, the Budget continues to address the limited mobility options throughout the state by including nearly $1.3 billion to support transit and rail—including $667 million in State Transit Assistance, $487 million for the Transit and Intercity Rail Capital Program, and $107 million for the Low Carbon Transit Operations Program. To assist transit agencies and support economic recovery, the Administration continues to quickly allocate CARES Act funding, expedite rural distributions, and work with the federal government to obtain ongoing federal support. The recent federal COVID-19 relief bill is expected to provide more than $2 billion in additional funding directly to local transit agencies. In addition, the Administration is recommending regulatory and reporting relief related to the Transportation Development Act on a permanent basis, allowing agencies to plan with more certainty and flexibility for the expenditure of state transit resources. These efforts will allow transit agencies to prevent additional furloughs and service reductions, while providing resource certainty that will make planning for recovery and rehiring of workers more certain. The Administration is also supporting future cost savings and ridership increases for transit and rail systems through its support of contactless payments across California through the California Integrated Mobility Program at Caltrans.

TRANSFORMATIONS AT THE DEPARTMENT OF MOTOR VEHICLES (DMV)

Prior to the COVID-19 Pandemic, the DMV began implementing more streamlined processes to make the customer experience more efficient in anticipation of the federal REAL ID deadline of October 2020, including launching a redesigned, responsive website and adding credit card kiosks in some field offices. However, the COVID-19 Pandemic forced all DMV field offices to temporarily close from late March through early May for health and safety concerns. The DMV has continuously adjusted its operations to address changing health and safety challenges caused by the pandemic. This has included expediting online modernization processes, adjusting driver's license renewal requirements to reduce office crowds, periodically suspending driving tests, providing personal protective equipment for staff, initiating teleworking and new communications alternatives, and providing media notifications about pandemic-related changes to DMV processes and protocols.

While DMV offices are now open to serve the public, the DMV continues to encourage customers to use its online services, expanded virtual services, and other service channels to complete transactions, including eligible driver's license and vehicle registration renewals. In recent months, the DMV has had to upgrade its technology to transform many of its systems and processes, including simplifying authentication and account creation for online services, operationalizing a virtual field office, enabling new and expanded online services for web and mobile devices, and expanding credit card and mobile wallet payment options to all DMV offices.

The federal deadline for obtaining a REAL ID compliant driver's license or identification card, or other federally accepted document, to board domestic flights or enter secure federal facilities has been extended to October 2021. The Budget includes approximately $186 million, including $152 million one-time for up to more than 1,300 temporary positions to address REAL ID demands prior to the enforcement date, and $34 million ongoing for 258 positions to continue a number of operational improvements. The DMV will be able to address the REAL ID demand with fewer positions than in recent years, due largely to operational improvements such as updated digital platforms and improved online services, which have created a more customer-friendly experience while reducing transaction time.