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# **1995-96 Budget Overview: Transportation and Resources**

**Presented To**

**Budget Subcommittee No. 3  
on Resources, Transportation  
and the Environment**

**Hon. Louis Caldera, Chair**



## Transportation

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### Transportation Funding



#### Transportation Funding Gap Sizeable

- State Transportation Improvement Program (STIP) schedules state and federal funds for transportation projects.
- State is at least \$5.9 billion short in funding the 1992 STIP which covers the seven-year period from 1992-93 through 1998-99.
- It will take resources available through 2002-03 to fund all STIP projects and do seismic retrofit work.
- Funding gap will be larger depending on ongoing state costs to cleanup stormwater runoff (from state highways). The costs for 1995-96 could be \$20 million—depleting the reserve in the State Highway Account.

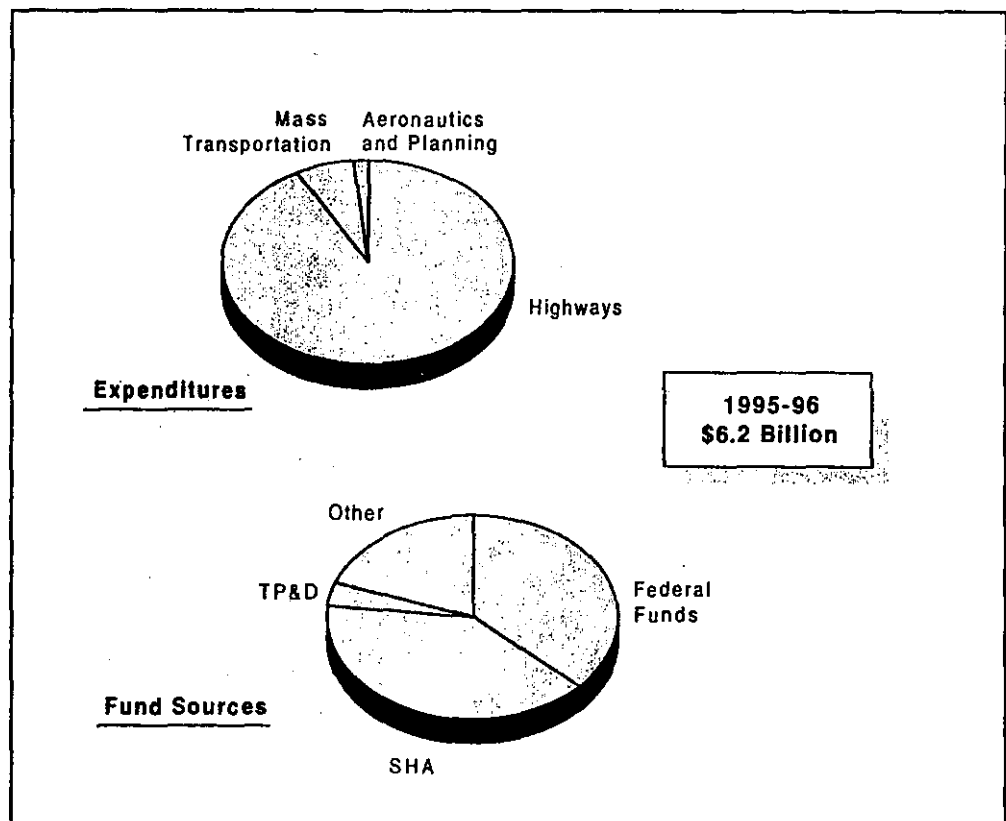


#### Federal Funds Could Run Out in 1995-96

- Caltrans has used future available federal funds ("advance construction") to fund projects early.
- By the end of 1995-96, the state will have expended all federal funds available through 1996-97.
- If no new federal funds are made available, and if the state does not backfill federal dollars with state money, transportation construction could come to a standstill.



## Department of Transportation (Caltrans) 1995-96 Expenditures and Fund Sources

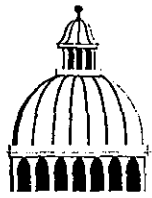




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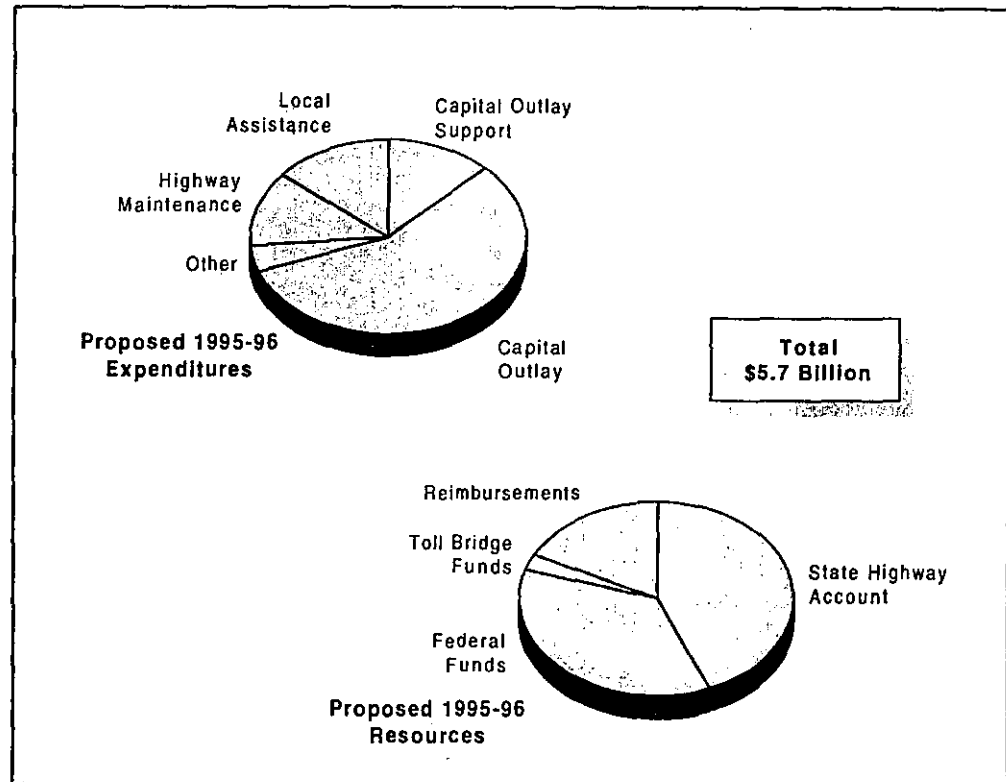
## Caltrans—1995-96 Fund Sources

- Federal Funds—\$2.3 Billion**
  - Intermodal Surface Transportation Efficiency Act (ISTEA)—authorized total of \$10.5 billion from 1991-92 through 1996-97.
  
- State Highway Account—\$2.5 Billion**
  - Primary revenue sources include state gas tax (18 cents per gallon) and truck weight fees.
  - Funds are used mainly for highway expenditures. Under certain circumstances, funds can also be used for rail capital improvements.
  
- Transportation Planning and Development (TP&D) Account—\$230 Million**
  - Primary revenue sources include diesel sales tax and a portion of the sales tax on gasoline.
  - Funds are used mainly for mass transportation purposes.
  
- Rail Bond Funds**
  - Proposition 108—fully expended, no expenditures in 1995-96.



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50 years of service

## Highway Transportation



### Capital Outlay

- Project construction represents the largest share of the highway transportation program.
- The Legislature appropriates a lump sum for capital outlay, and the California Transportation Commission distributes the funds to individual projects.
- Budget proposes \$3.3 billion in highway capital outlay for 1995-96.



### Support Funds

- Primarily used for two large highway transportation programs: capital outlay support and highway maintenance.
- **Capital Outlay Support** includes all activities necessary to prepare a project for construction, including environmental clearance, engineering design, construction oversight, etc. The number and size of projects that are scheduled to be constructed determines Caltrans' need for capital outlay support resources. The budget proposes \$717 million (8,955 personnel-years) for 1995-96.
- **Highway Maintenance**, by statute, has higher priority than does construction of new projects. The need for highway maintenance is primarily determined by (1) the size of the transportation system that must be maintained and (2) the quality level to which the transportation system is maintained. The budget proposes \$717 million (6,004 PYs) for highway maintenance in 1995-96.
- Actual 1995-96 support and local assistance levels will be lower than shown, because Caltrans' budget includes a \$76 million (716 PY) reduction that has not yet been allocated to specific programs.

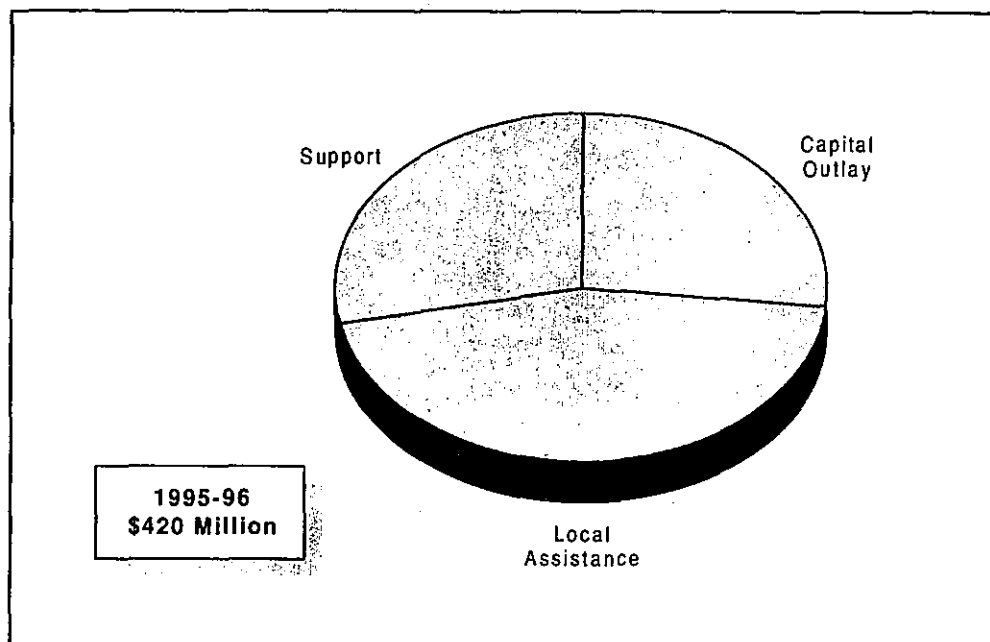


### Key Features of 1995-96 Budget

- The budget proposes several actions that are intended to make more funds available for capital outlay in 1995-96:
  - Reduce departmental support (requiring layoffs of staff) by a total of 1,226 personnel-years.
  - Fund toll bridge seismic retrofit from toll bridge revenues.
  - Reduce local assistance in two *Blueprint* programs.
  - Borrow against future State Highway Account revenues.
  - "Borrow" (using advance construction provisions) \$1.5 billion of federal highway funds.
- The Legislature may modify these assumptions in order to meet its priorities.
- Changes to budget assumptions may reduce the number of projects that can be constructed in 1995-96.



## Mass Transportation



### Fund Sources for 1995-96 Program

- TP&D Account—\$126.6 million (30%).
- State Highway Account—\$66.4 million (16%).
- Federal funds—\$151.6 million (36%).



### Program Expenditures

- Capital Outlay—\$111.6 Million—provides funds for transit capital improvement (buses, rail, and transit systems and facilities).





- Support—\$118.6 million—supports operations of intercity rail service and Peninsula Commute Service; programs that promote ridesharing and provide departmental support.
- Local Assistance—\$189.9 million—provides operating and capital grants to local transit and rail operators, and local assistance to programs that promote ridesharing.
- State Transit Assistance—\$86 million—program is not part of Caltrans' budget; provides operating assistance to local transit operators; allocated based on formula.



#### **Major Issues**

- Intercity rail program expansion.
- Intercity rail program—accountability.
- Rideshare funding.



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## California Highway Patrol

- 1995-96 Expenditures—\$751 Million**
- Primary Funding Sources**
  - Motor Vehicle Account—\$662.9 million.
  - State Highway Account—\$24.6 million.
- Major Issues**
  - Consolidation with California State Police.
  - Additional 180 traffic officers.
  - Implementation of mobile digital computers.



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## Department of Motor Vehicles

- 1995-96 Expenditures—\$539.5 Million**
- Primary Funding Sources**
  - Motor Vehicle Account—\$350.4 million.
  - Motor Vehicle License Fee Account—\$170 million.
- Major Issues**
  - Database redevelopment project.
  - Motor Voter law implementation.
  - Asbestos abatement and renovation of headquarters building.



## Resources

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### The Resources Agency

- Resources Agency consists of numerous departments, commissions, and conservancies:
  - **Departments:**
    - Department of Conservation
    - Department of Forestry and Fire Protection
    - Department of Fish and Game
    - Department of Parks and Recreation
    - Department of Water Resources
    - Department of Boating and Waterways
  - **Commissions:**
    - State Lands Commission; California Coastal Commission; San Francisco Bay Conservation and Development Commission; Delta Protection Commission
  - **Conservancies:**
    - California Tahoe Conservancy; State Coastal Conservancy; Santa Monica Mountains Conservancy
  - **Other Agencies and Boards**
    - California Conservation Corps; Tahoe Regional Planning Agency; Colorado River Board; Wildlife Conservation Board
- Total proposed 1995-96 budget for Resources departments is \$1.2 billion, with funding as follows:
  - General Fund: \$445 million
  - Federal funds: \$84 million
  - Other funds: \$660 million  
(Special funds and selected bond funds)



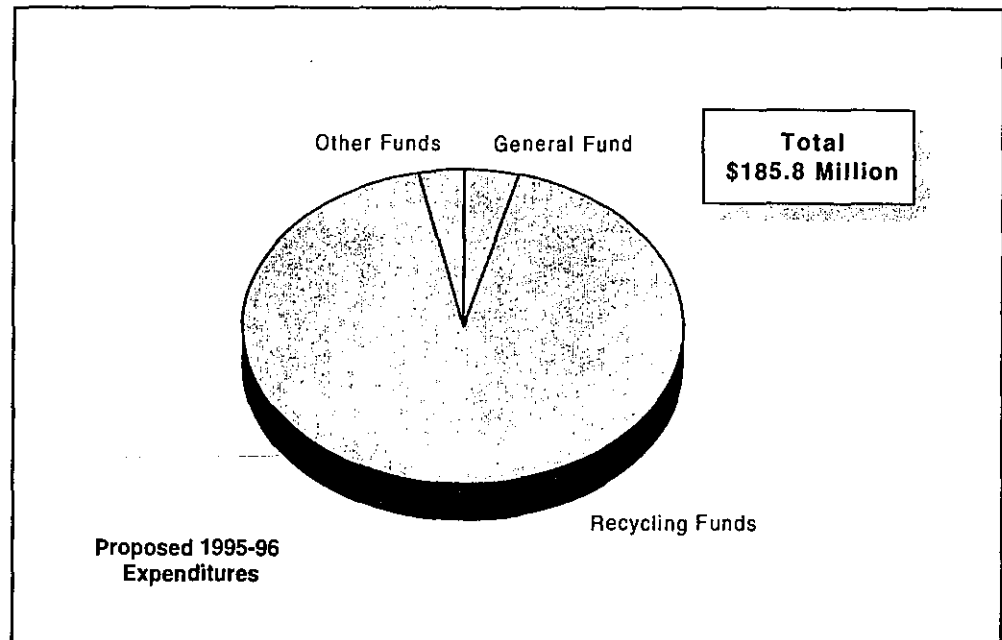
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## Crosscutting Issues

- Governor proposes reorganization of resources departments.
- Mixed success in implementing performance budgeting.
- Dwindling funds available for resources programs.



## Department of Conservation

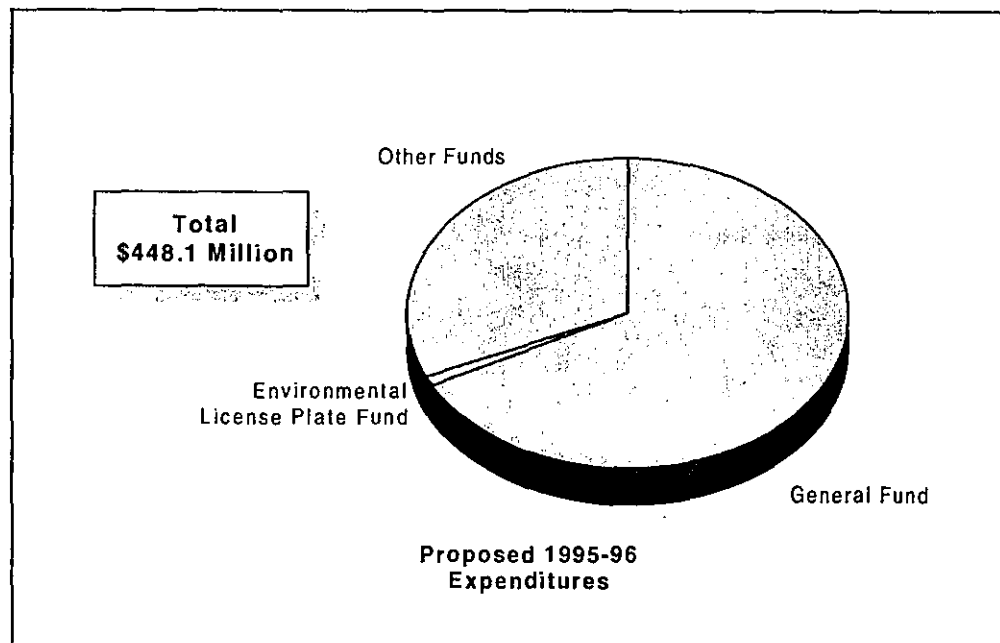


### Major Issues

- Budget proposes to eliminate department.
- Proposed expansion of mineral classification program exceeds statutory responsibilities.
- Department reviews landslide hazard mapping program.



## Department of Forestry and Fire Protection

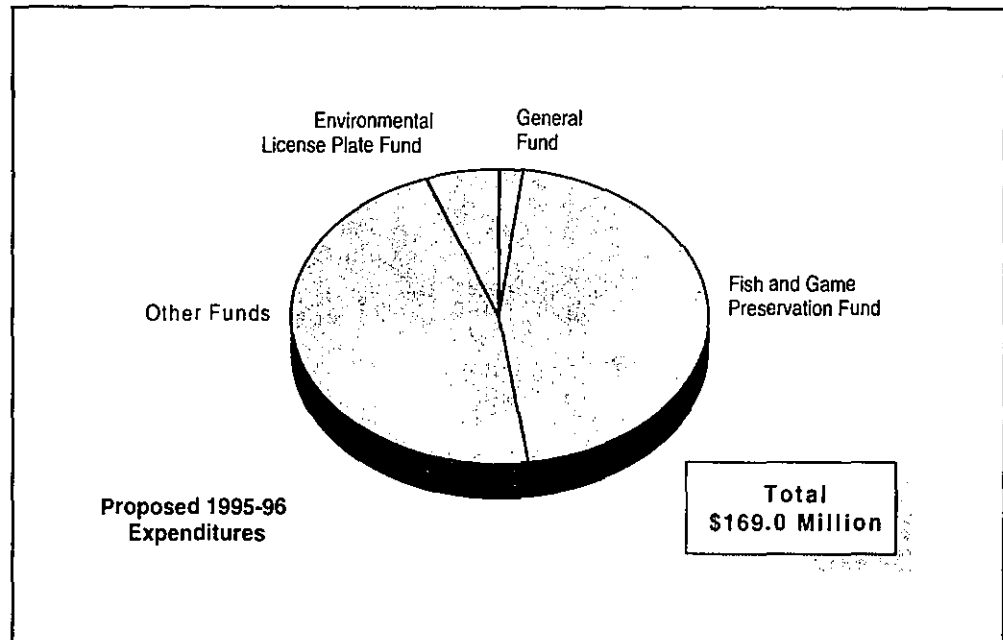


### Major Issues

- Legislature not yet informed of results of reorganization.
- Emergency fire suppression budget more realistic.
- Land use proposal lacks clear policy objective.
- Proposal for airtanker retrofit depends on multi-year plan.



## Department of Fish and Game



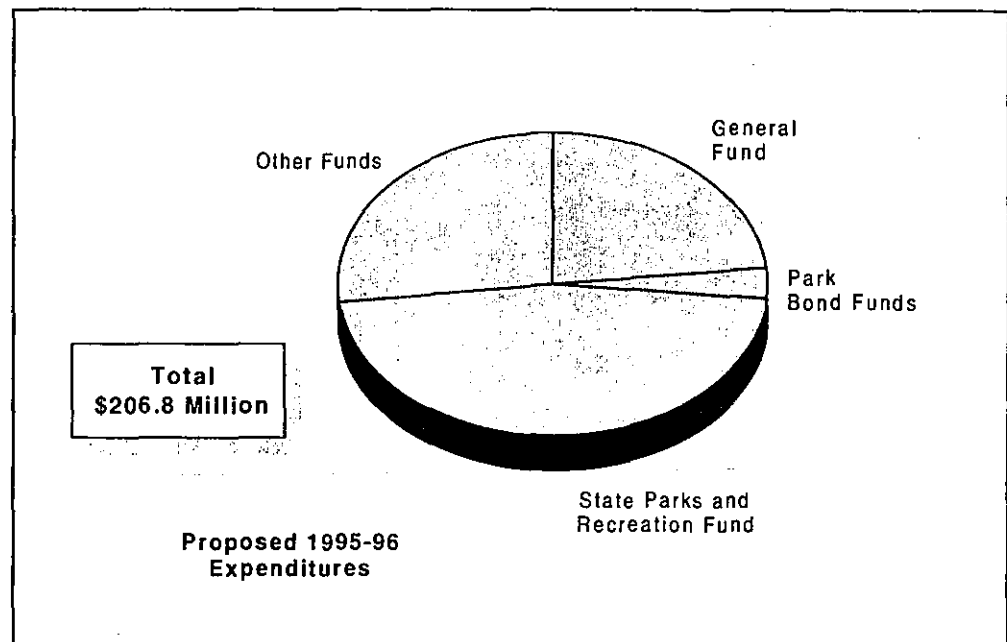
### Major Issues

- Budget request will be amended.
- Request for permanent Natural Community Conservation Planning (NCCP) program not justified.
- Marine facilities program proposed for transfer to department oil spill program from State Lands Commission.





## Department of Parks and Recreation

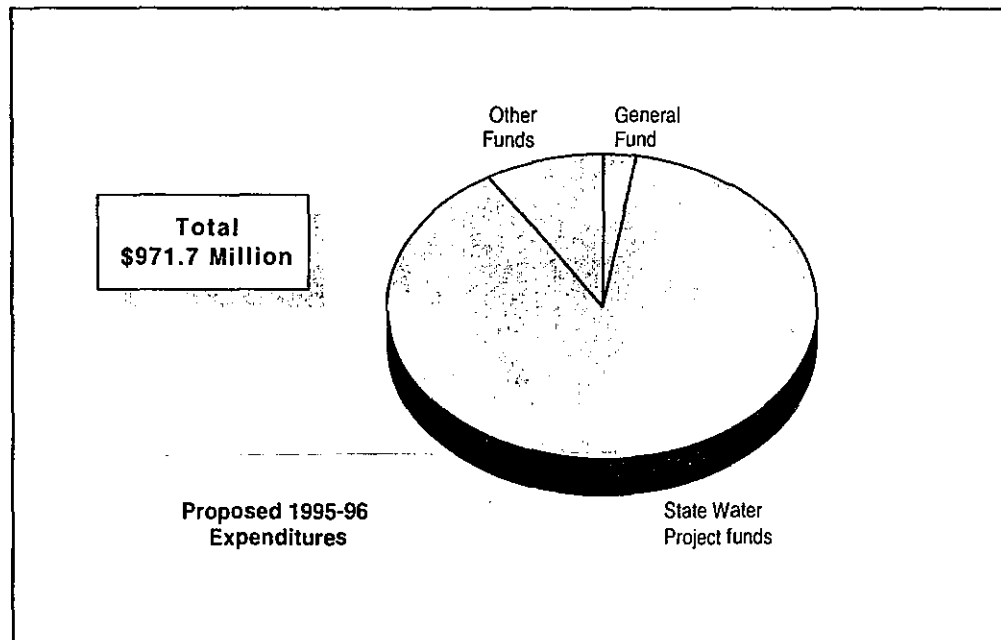


### Major Issues

- State parks support relies on beverage container funds.
- Department continues to implement performance budgeting.



## Department of Water Resources



### Major Issues

- Budget proposes harbors and watercraft funds for Delta flood protection.



## The California Environmental Protection Agency (Cal-EPA)

- Secretary for Environmental Protection oversees six boards and departments:**
  - Air Resources Board
  - California Integrated Waste Management Board
  - Department of Pesticide Regulation
  - Department of Toxic Substances Control
  - Office of Environmental Health Hazard Assessment
  - State Water Resources Control Board
  
- Total proposed 1995-96 budget for Cal-EPA departments is \$832 million, with funding as follows:**
  - General Fund: \$45 million (6 percent)
  - Federal funds: \$77 million (9 percent)
  - Other funds: \$710 million (85 percent)  
(Mainly regulatory fees)
  
- Proposed 1995-96 expenditures are \$174 million (26 percent) greater than 1994-95 estimated expenditures.**
  - Mainly due to proposed mid-year transfer of Beverage Container Recycling Program from Department of Conservation to the California Integrated Waste Management Board.



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## Secretary for Environmental Protection

- 1995-96 Proposed Expenditures: \$2.5 million (+2%)
- Major Issues:
  - **Employee Loans.** Employees loaned to Secretary from Cal-EPA departments nearly double Secretary's staff—this complicates legislative oversight of budgets of Secretary and Cal-EPA departments.
  - **Environmental Technology Initiatives.** Legislative oversight of Cal-EPA environmental technology development initiatives required.



## **Air Resources Board (ARB)**

- 1995-96 Proposed Expenditures: \$123 million (+13%)
- Major Budget Adjustments:
  - +\$14 million on one-time basis to reimburse owners of diesel-powered engines for repair costs.

## **Department of Pesticide Regulation (DPR)**

- 1995-96 Proposed Expenditures: \$46 million (-2%)

## **Office of Environmental Health Hazard Assessment (OEHHA)**

- 1995-96 Proposed Expenditures: \$13 million (+4%)



## California Integrated Waste Management Board (CIWMB)

- 1995-96 Proposed Expenditures: \$246 million (+225%)
- Major Budget Adjustments:
  - +\$172 million due to transfer of the Beverage Container Recycling Program from the Department of Conservation.
  - +\$2 million for loan servicing activities in the Recycling Market Development Zone program.
- Major Issues:
  - **Recycling Reorganization.** Governor's Reorganization Proposal includes transfer of Beverage Container Recycling Program from Department of Conservation to the board. Expect some program efficiencies.
  - **Restructured Board.** Budget proposes to reorganize the board from a six-member, full-time board into a five-member, mainly part-time board, and to reduce board's support staff from 18 to 4 positions. Results in significant costs savings.
  - **Revenue Declines.** Board projects significant revenue declines in Integrated Waste Management Account—by as much as 48 percent—between 1995-96 and 2000-01. Funding alternatives/program reductions need to be considered.



## State Water Resources Control Board (SWRCB)

- 1995-96 Proposed Expenditures: \$283 million (-2%)
- Major Budget Adjustments:
  - +\$10 million for Underground Storage Tank Cleanup Fund program.
  - -\$12 million in local assistance for water reclamation and construction of wastewater treatment facilities.
- Major Issues:
  - **Permitting/Water Rights Backlogs.** Board has developed a plan to reduce backlogs in updating and renewal of waste discharge permits, and is developing a plan to reduce backlogs in water rights program.
  - **Water Quality Management Program Requires Long-Term Funding Solution.** Bond funds supporting this core program have been exhausted. Budget proposes interim funding using reserves in Waste Discharge Permit Fund. Long-term funding solution is needed.
  - **Underground Storage Tank Cleanup Fund—Claims Processing Backlogs.** Significant backlogs exist at all stages of the processing of claims for reimbursement from the fund. Budget proposes staff augmentation without addressing reduction of the backlogs.



## Department of Toxic Substances Control (DTSC)

- 1995-96 Proposed Expenditures: \$119 million (-4%)**
- Major Budget Adjustments:**
  - +\$4 million to pay for "orphan shares" in expedited site cleanup pilot program.
  - +\$3 million to cleanup illegal drug labs.
  - +\$2 million for military base cleanup oversight.
  - -\$11 million in support of various programs, to adjust for declining availability of resources and to free-up funds for new projects.
- Major Issues:**
  - ***Program Reductions, New Programs.*** Budget proposes reductions in program support from the Hazardous Waste Control Account in order to (1) correct for past program expansions based on overly optimistic reserve projections and (2) free-up funds for two new programs—an expedited site cleanup pilot and the cleanup of illegal drug labs. Legislature needs to examine program priorities.