



**DEPARTMENT OF  
FINANCE**  
OFFICE OF THE DIRECTOR

EDMUND G. BROWN JR. ■ GOVERNOR  
STATE CAPITOL ■ ROOM 1145 ■ SACRAMENTO CA ■ 95814-4998 ■ WWW.DOF.CA.GOV

May 11, 2017

Honorable Holly Mitchell, Chair  
Senate Budget and Fiscal Review Committee

Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Phil Ting, Chair  
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

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

**The Road Repair and Accountability Act of 2017 (Act): Administration and Oversight**—It is requested that Item 2600-001-0042 be increased by \$376,000 and 1.4 positions and Item 2600-001-0046 be increased by \$688,000 and 2.6 positions to provide resources for the California Transportation Commission to administer and oversee programs that were created or expanded by the Act. These include the Congested Corridors Program, the Local Partnership Program, and the Active Transportation Program, as well as review of the Department of Transportation's capital outlay support project-level workload estimates.

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.

MICHAEL COHEN  
Director  
By:

/s/ Amy M. Costa

AMY M. COSTA  
Chief Deputy Director

Attachment

cc: On following page

cc: Honorable Ricardo Lara, Chair, Senate Appropriations Committee  
Attention: Mr. Mark McKenzie, Staff Director  
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee  
Attention: Mr. Kirk Feely, Budget Fiscal Director  
Honorable Lorena Gonzalez, Chair, Assembly Appropriations Committee  
Attention: Mr. Pedro R. Reyes, Chief Consultant  
Honorable Jay Obernolte, Vice Chair, Assembly Budget Committee  
Attention: Ms. Cyndi Hillery, Staff Director  
Honorable Bob Wieckowski, Chair, Senate Budget and Fiscal Review Subcommittee No. 2  
Honorable Richard Bloom, Chair, Assembly Budget Subcommittee No. 3  
Mr. Mac Taylor, Legislative Analyst (4)  
Mr. Craig Cornett, Senate President pro Tempore's Office (2)  
Mr. Christopher W. Woods, Assembly Speaker's Office (2)  
Mr. Seren Taylor, Director of Strategic Policy, Assembly Republican Leader's Office  
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office  
Mr. Brian Kelly, Secretary, California State Transportation Agency  
Mr. Brian Annis, Undersecretary, California Transportation Agency  
Ms. Susan Bransen, Executive Director, California Transportation Commission  
Mr. Eric Thronson, Deputy Director, California Transportation Commission



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Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

**Amendment to Various Budget Bill Items, Support, Local Assistance, and Capital Outlay,  
California Transportation Agency, Department of Transportation, and Shared Revenues**

**Withdraw the Governor's Proposed Transportation Package**—It is requested that various Budget Bill items be decreased by \$1,300,672,000 to reflect the passage of the Road Repair and Accountability Act of 2017, Chapter 5, Statutes of 2017 (SB 1). The provisions included in the Governor's Budget were negotiated and a collaborative plan was subsequently agreed upon through the passage of SB 1.

It is further requested that the following items be decreased to conform to this action:

- Decrease Item 0521-101-0046 by \$85,000,000
- Decrease Item 2660-001-0042 by \$120,000,000
- Decrease Item 2660-001-3290 by \$396,000 and 2 positions
- Decrease Item 2660-001-3291 by \$1,000,000
- Decrease Item 2660-101-3290 by \$300,000,000
- Decrease Item 2660-101-3291 by \$1,000
- Decrease Item 2660-301-3291 by \$356,999,000
- Decrease Item 2660-302-0042 by \$231,007,000
- Decrease Streets and Highways Code section 2103 (a)(c)(3) by \$206,269,000

The above amendments represent a full withdrawal of the Governor's January transportation proposal while retaining requests for the California Transportation Commission's \$216,000 for 2 positions for review and oversight of SB 1 programs and the State Controller's Office's \$112,000 and 1 position for collection and allocation of SB 1 revenues. Both of these requests are funded from the Road Maintenance and Rehabilitation Account, State Transportation Fund.

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.

MICHAEL COHEN

Director

By:

/s/ Amy M. Costa

AMY M. COSTA

Chief Deputy Director

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Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office  
Mr. Brian Kelly, Secretary, California State Transportation Agency  
Mr. Brian Annis, Undersecretary, California State Transportation Agency  
Mr. Malcolm X. Dougherty, Director, California Department of Transportation  
Mr. Clark Paulsen, Acting Chief, Budgets Division, California Department of Transportation  
Mr. Ron Sheppard, Chief, Office of Program Operations and Budget Development, California Department of Transportation  
Ms. Athena Gliddon, Chief, Office of Capital and Finance Budget Development, California Department of Transportation





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Honorable Phil Ting, Chair  
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

**Amendment to and Addition of Various Budget Bill Items, Support, Local Assistance, and Capital Outlay, Department of Transportation and Department of Motor Vehicles**

**Road Repair and Accountability Act of 2017**—The Department of Transportation (Caltrans) requests that various Budget Bill items be added and amended to reflect funding available from the Road Repair and Accountability Act of 2017, Chapter 5, Statutes of 2017 (SB 1). It is also requested that the Capital Outlay Support (COS) program be adjusted to represent the baseline project funding level prior to SB 1 implementation.

SB 1 allocates fiscal year 2017-18 funding to the following activities:

Activity	Funding
Transit and Rail Programs	\$635,065,000
Local Streets and Roads	445,355,000
State Highway Operations and Protection Program (SHOPP) and Maintenance	445,355,000
Repair of Bridges and Culverts	400,000,000
Congested Corridors Program	250,000,000
Local Partnership Program	200,000,000
Trade Corridor Enhancement Program	199,833,000
Active Transportation Program	100,000,000
Department of Parks and Recreation and Department of Food and Agriculture	71,571,000
Local Planning Grants	25,000,000
Freeway Service Patrol	25,000,000
University of California and California State University Research	7,000,000
California Workforce Development Board	5,000,000
Administration	4,088,000
Total:	\$2,813,267,000

## **Capital Project Expenditures and Local Assistance**

**Road Repair and Accountability Act-Local Assistance and Projects (Issue 503)**—It is requested that various Budget Bill items be added and increased by \$1,497,370,000 to provide capital program authority and local assistance authority for new projects funded by SB 1. It is also requested that provisional language be added to Item 2660-001-0042 to allow for budget adjustments based on the progress of project delivery (see Attachment 1). It is further requested that provisional language be added to Items 2660-101-0046 and 2660-302-0042 and that Schedule 1(c) be added to Item 2660-102-0042 to designate program activities (see Attachments 2-4).

It is further requested that the following items be amended and added as follows to conform to this action:

### **State Highway Operations and Protection Program and Maintenance**

- Increase Item 2660-302-0042 by \$75,000,000
- Add Item 2660-302-3290 in the amount of \$92,885,000 (see Attachment 5)
- Increase Streets and Highways Code section 2032(h)(1) by \$200,000,000

### **Transit and Intercity Rail Capital Program**

- Increase Item 2660-101-0046 by \$329,999,000
- Increase Item 2660-301-0046 by \$1,000

### **Congested Corridors Program**

- Add Item 2660-109-0042 in the amount of \$124,999,000 (see Attachment 6)
- Add Item 2660-309-0042 in the amount of \$125,000,000 (see Attachment 7)

### **Trade Corridors Enhancement Program**

- Add Item 2660-101-3291 in the amount of \$99,916,000 (see Attachment 8)
- Add Item 2660-301-3291 in the amount of \$99,916,000 (see Attachment 9)

### **Local Partnership Program**

- Increase Streets and Highways Code section 2032(a)(3) by \$199,769,000

### **Active Transportation Program**

- Add Item 2660-108-3290 in the amount of \$99,998,000 (see Attachment 10)
- Add Item 2660-308-3290 in the amount of \$1,000 (see Attachment 11)

### **Freeway Service Patrol Program**

- Increase Item 2660-102-0042 by \$25,000,000

### **Local Planning Grants**

- Add Item 2660-102-3290 in the amount of \$24,886,000 (see Attachment 12)

## **Support for Capital Projects and Local Assistance**

**Road Repair and Accountability Act-Workload (Issue 454)**—It is requested that various Budget Bill items be added and increased by \$477,818,000 to provide support for new projects and programs related to SB 1 implementation. The request includes 112 positions for new COS project support, 75 positions to design new Project Initiation Documents, 48 positions for maintenance, and 8 positions for Administration and program development. Additionally, the request includes \$400 million for maintenance contracts to complete high priority pavement projects.



It is further requested that the following items be amended and added as follows to conform to this action:

- Increase Item 2660-001-3290 by \$477,815,000 and 243 positions (see Attachment 13)
- Increase Item 2660-001-3291 by \$1,000 for Trade Corridor Enhancement Program support (see Attachment 14)
- Add Item 2660-008-3290 in the amount of \$1,000 for Active Transportation Program support (see Attachment 15)
- Add Item 2660-009-0042 in the amount of \$1,000 for Congested Corridors Program support (see Attachment 16)

The requested Caltrans resources, along with the requests from other departments, will result in the following allocation of SB 1 resources:

Activity	Authority	Support	Capital Outlay	Local Assist.	Amount
Local Planning Grants	Budget Act	\$114	0	\$24,886	\$25,000
Freeway Service Patrol	Budget Act	0	0	25,000	25,000
Congested Corridors Program	Budget Act	1	\$125,000	124,999	250,000
Transit & Intercity Rail Capital	Budget Act	0	1	329,999	330,000
Active Transportation Program	Budget Act	1	1	99,998	100,000
SHOPP and Maintenance	S&HC 2030(h)(1)	0	200,000	0	200,000
SHOPP and Maintenance	Budget Act	477,470	167,885	0	645,355
Local Partnership Program	S&HC 2032(a)(3)	231	0	199,769	200,000
Trade Corridor Enhancement	Budget Act	1	99,916	99,916	199,833
<b>Caltrans Total:</b>		<b>\$477,818</b>	<b>\$592,803</b>	<b>\$904,567</b>	<b>\$1,975,188</b>
State Transit Assistance	PUC 99312.1	0	0	\$280,057	\$280,057
Intercity and Commuter Rail	PUC 99312.3	0	0	25,008	25,008
Local Streets and Roads	GC 16321(c)	0	0	75,000	75,000
Local Streets and Roads	S&HC 2030(h)(2)	0	0	370,355	370,355
Dept. of Food & Agriculture	R&TC 8352.5	\$17,272	0	0	17,272
Dept. of Parks & Recreation	R&TC 8352.4	54,299	0	0	54,299
State Controller's Office	Budget Act	112	0	0	112
Transportation Commission	Budget Act	216	0	0	216
California State University	Budget Act	2,000	0	0	2,000
University of California	Budget Act	5,000	0	0	5,000
Workforce Development Board	Budget Act	5,000	0	0	5,000
Department of Motor Vehicles	Budget Act	3,760	0	0	3,760
<b>Other Total:</b>		<b>\$87,659</b>	<b>\$0</b>	<b>\$750,420</b>	<b>\$838,079</b>
<b>Grand Total:</b>		<b>\$565,477</b>	<b>\$592,803</b>	<b>\$1,654,987</b>	<b>\$2,813,267</b>

(all dollars are in thousands)

## **Road Maintenance and Rehabilitation Account Administration**

**Road Repair and Accountability Act–Workload (Issue 404)**—It is requested that Item 2740-001-3290 be added in the amount of \$3,760,000 (see Attachment 17) to provide resources for the Department of Motor Vehicles to address increased credit card transaction costs resulting from the new Transportation Improvement Fee created by SB 1.

## **COS Program–Baseline Adjustment**

**Road Repair and Accountability Act–Workload (Issue 454)**—It is requested that the COS program be decreased by \$29,329,000 and 243 positions. This request reflects decreased and reallocation of workload due to diminishing fund sources, such as the depletion of Proposition 1B and lower fuel excise taxes associated with increased vehicle fuel efficiency. While passage of SB 1 addresses the funding shortfall, this request represents the baseline workload to begin in 2017-18, and does not include new resources associated with SB 1.

It is further requested that the following items be amended as follows to conform to this action:

- Increase Item 2660-001-0042 by \$48,959,000 and 6 positions, and decrease reimbursements by \$19,166,000 and 35 positions
- Decrease Item 2660-001-0890 by \$37,465,000 and 161 positions
- Decrease Item 2660-002-3007 by \$5,824,000 and 19 positions
- Decrease Item 2660-004-6055 by \$2,117,000 and 5 positions
- Decrease Item 2660-004-6056 by \$6,851,000 and 7 positions
- Decrease Item 2660-004-6058 by \$304,000 and 1 position
- Decrease Item 2660-004-6060 by \$1,533,000 and 6 positions
- Increase Item 2660-004-6064 by \$869,000 and 2 positions
- Decrease Item 2660-004-6072 by \$5,381,000 and 15 positions
- Decrease Government Code section 8879.3 by \$516,000 and 2 positions

The personal services budget reduction within each fund type varies based on actual salary rates of the classifications performing the work. The COS program is decreasing by 161 federally funded positions, but total federal personal services authority is increasing by \$9,625,000. This is because federal salary rates have increased by \$8,911 per position from 2016-17 to 2017-18. Conversely, the State Highway Account, State Transportation Fund is increasing by 6 positions, but due to actual salary rates decreasing by \$7,631 per position, personal services are decreasing by \$25,781,000. Overall the COS program is reducing personal services budget by \$29,693,000 based on the reduction of 243 positions, but the breakdown by fund type varies based on the workload salary rates within each fund type.

The other adjustment that significantly impacts COS baseline funding for fiscal year 2016-17 is the allocation of the Indirect Cost Rate. The rate is used to determine the amount of internal costs to be recovered through capital outlay project costs associated with direct project labor. The rate is forecast to decline by approximately 12 percent from 2016-17 (50.4 percent) to 2017-18 (38.4 percent) due to reduced overhead costs. The indirect rate is applied to personal services expenditures for non-State Highway Account, State Transportation Fund expenditures. The rate change results in a reallocation of overall authority across all COS funds.



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.

MICHAEL COHEN

Director

By:

/s/ Amy M. Costa

AMY M. COSTA

Chief Deputy Director

Attachment

cc: Honorable Ricardo Lara, Chair, Senate Appropriations Committee  
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Mr. Clark Paulsen, Acting Chief, Budgets Division, California Department of Transportation  
Mr. Ron Sheppard, Chief, Office of Program Operations and Budget Development, California Department of Transportation  
Ms. Athena Gliddon, Chief, Office of Capital and Finance Budget Development, California Department of Transportation  
Ms. Susan Bransen, Executive Director, California Transportation Commission

Add the following provision to Item 2660-001-0042:

20. The Director of Finance, after consulting with the Commission to assess the progress of Senate Bill 1 project delivery, may increase expenditure authority in this item for additional staffing and contract authority directly related to new Senate Bill 1 allocations after notifying the Chairperson of the Joint Legislative Budget Committee and the chairperson of the committee in each house that considers appropriations no later than 30 days prior to the effective date of the approval. The notification shall include all of the following: (a) the amount of the augmentation, (b) the total positions or contract resources to be established, with corresponding workload measures, and (c) a timeline for filling positions.

Add the following provisions to Item 2660-101-0046:

3. Of this amount, \$330,000,000 is available for the Transit and Intercity Rail Capital Program.
4. Of the amount identified in Provision 3, up to \$20,000,000 shall be available to local and regional agencies for climate change adaptation planning.

Add the following provision to Item 2660-302-0042:

1. Of the funds appropriated in this item, \$75,000,000 shall be from the repayment of a General Fund loan.



"2660-102-0042—For local assistance, Department of Transportation, non-State Transportation Improvement Program (STIP), payable from the State Highway Account, State Transportation Fund.....118,078,000 143,078,000

Schedule:

- (1) 1835020-Local Assistance.....106,078,000 131,078,000  
     (a) Regional Surface Transportation  
         Program Exchange.....(57,849,000)  
     (b) Local Assistance.....(48,229,000)  
     (c) Freeway Service Patrol.....(25,000,000)  
 (2) 1845022-Regional Planning.....12,000,000

Provisions:

1. Funds appropriated in Schedule (1) shall be available for allocation by the California Transportation Commission until June 30, 2019 and available for encumbrance and liquidation until June 30, 2023.
2. Notwithstanding any other provision of law, funds appropriated in this item may be transferred intraschedule or to Item 2660-101-0042, 2660-108-0042, 2660-301-0042, 2660-302-0042, or 2660-308-0042. These transfers shall require the prior approval of the Department of Finance"

2660-302-3290—For capital outlay, Department of Transportation, non-State Transportation Improvement Program (STIP), payable from Road Maintenance and Rehabilitation Account, State Transportation Fund ..... 92,885,000

Schedule:

(1) 1835019-Capital Outlay Projects..... 92,885,000

Provisions:

1. Funds appropriated in this item shall be available for allocation by the California Transportation Commission until June 30, 2019, and available for encumbrance and liquidation until June 30, 2023.
2. Notwithstanding any other law, funds appropriated in this item may be transferred to Item 2660-001-3290. These transfers shall require the prior approval of the Department of Finance.

2660-109-0042— For local assistance, Department of Transportation, Congested Corridors  
Program payable from the State Highway Account, State Transportation  
Fund.....124,999,000

Schedule:

- (1) 1835020-Local Assistance..... 124,998,000
- (2) 1840019-State and Federal Mass Transit.....1,000

Provisions:

- 1. Notwithstanding any other provision of law, funds appropriated in this item may be transferred to Item 2660-009-0042 or Item 2660-309-0042. These transfers shall require the prior approval of the Department of Finance.
- 2. Funds appropriated in this item shall be available for allocation by the California Transportation Commission until June 30, 2019, and available for encumbrance and liquidation until June 30, 2023.

2660-309-0042—For capital outlay, Department of Transportation, Congested Corridors Program, payable from State Highway Account, State Transportation Fund ..... 125,000,000

Schedule:

- |   |             |
|---|-------------|
| (1) 1835019-Capital Outlay Projects.....          | 124,999,000 |
| (2) 1840028-Intercity Rail Passenger Program..... | 1,000       |

Provisions:

1. Notwithstanding any other provision of law, funds appropriated in this item may be transferred to Item 2660-009-0042 or 2660-109-0042. These transfers shall require the prior approval of the Department of Finance.
2. Funds appropriated in this item shall be available for allocation by the California Transportation Commission until June 30, 2019, and available for encumbrance and liquidation until June 30, 2023.



2660-101-3291—For local assistance, Department of Transportation, payable from the Trade Corridor Enhancement Account, State Transportation Fund..... 99,916,000

Schedule:

(1) 1835020-Local Assistance ..... 99,915,000  
 (2) 1840019-State and Federal Mass Transit..... 1,000

Provisions:

1. Funds appropriated in this item shall be available for allocation by the California Transportation Commission until June 30, 2020, and available for encumbrance and liquidation until June 30, 2024.
2. Notwithstanding any other provision of law, funds appropriated in this item may be transferred to Item 2660-001-3291 or Item 2660-301-3291. These transfers require the prior approval of the Department of Finance.
3. Funds appropriated in this item shall be used in the same manner as Proposition 1B bond funds consistent with the Trade Corridors Improvement Fund program as authorized by Section 2192 of the Streets and Highways Code.

2660-301-3291—For capital outlay, Department of Transportation, payable from the Trade Corridor Enhancement Account, State Transportation Fund ..... 99,916,000

Schedule:

(1) 1835019—Capital Outlay Projects..... 99,915,000  
 (2) 1840028—Intercity Rail Passenger Program..... 1,000

Provisions:

1. Funds appropriated in this item shall be available for allocation by the California Transportation Commission until June 30, 2020, and available for encumbrance and liquidation until June 30, 2024.
2. Notwithstanding any other provision of law, funds appropriated in this item may be transferred to Item 2660-001-3291 or Item 2660-101-3291. These transfers require the prior approval of the Department of Finance.
3. Funds appropriated in this item shall be used in the same manner as Proposition 1B bond funds consistent with the Trade Corridors Improvement Fund program as authorized by Section 2192 of the Streets and Highways Code.

2660-108-3290—For local assistance, Department of Transportation, Active Transportation Program, payable from Road Maintenance and Rehabilitation Account, State Transportation Fund ..... 99,998,000

Schedule:

(1) 1835020-Local Assistance ..... 99,998,000

Provisions:

1. Funds appropriated in this item shall be available for allocation by the California Transportation Commission until June 30, 2019, and available for encumbrance and liquidation until June 30, 2023.
2. Notwithstanding any other provision of law, funds appropriated in this item may be transferred to Item 2660-008-3290 or Item 2660-308-3290. These transfers shall require the prior approval of the Department of Finance.
3. Of the amount appropriated in this item and from Item 2660-008-3290, no less than a total amount of \$4,000,000 each fiscal year for 5 fiscal years shall be allocated to the California Conservation Corps for active transportation projects to be developed and implemented by the California Conservation Corps and certified community conservation corps. Not less than 50 percent of these funds shall be in the form of grants to certified local community conservation corps, as defined in Section 14507.5 of the Public Resources Code.

2660-308-3290—For capital outlay, Department of Transportation,  
Active Transportation Program, payable from Road Maintenance  
and Rehabilitation Account, State Transportation Fund ..... 1,000

Schedule:

(1) 1835019-Capital Outlay Projects..... 1,000

Provisions:

1. Notwithstanding any other provision of law, funds appropriated in this item may be transferred to Item 2660-008-3290 or Item 2660-108-3290. These transfers shall require the prior approval of the Department of Finance.
2. Funds appropriated in this item shall be available for allocation by the California Transportation Commission until June 30, 2019, and available for encumbrance and liquidation until June 30, 2023.



2660-102-3290—For local assistance, Department of Transportation, payable from Road Maintenance and Rehabilitation Account, State Transportation Fund ..... 24,886,000

Schedule:

(1) 1845022-Regional Planning ..... 24,886,000

Provisions:

1. Funds appropriated in this item shall be used for local planning grants.
2. Funds appropriated in this item shall be available for allocation by the California Transportation Commission until June 30, 2019, and available for encumbrance and liquidation until June 30, 2023.

"2660-001-3290—For support of Department of Transportation,  
payable from Road Maintenance and Rehabilitation Account,  
State Transportation Fund ..... 396,000 477,815,000

Schedule:

(.5) 1835010-Capital Outlay Support.....	\$38,466,000
(1) 1835029-Program Development.....	<del>-\$396,000</del> <u>\$378,000</u>
(2) 1835056-Maintenance.....	<u>\$421,498,000</u>
(3) 1845013-Statewide Planning.....	<u>\$17,473,000</u>
(4) 9900100-Administration.....	<u>\$659,000</u>
(5) 9900200-Administration—Distributed.....	<del>-\$659,000</del>

Provisions:

1. ~~Funds appropriated in this item shall be used in a manner consistent with statute governing the Road Maintenance and Accountability Program as authorized by Section 2032.1 of the Streets and Highways Code~~
2. ~~Of the funds appropriated in Schedule (1), \$170,000 shall be provided to the Department of Motor Vehicles for expenses incurred related to programming costs for the Road Improvement Charge.~~
3. Of the funds appropriated in this item, \$231,000 shall be used for Local Partnerships.
4. Of the funds appropriated in this item, \$114,000 shall be used for Local Planning grants.
5. Of the funds appropriated in this item, \$477,470,000 shall be used for the State Highway Operation and Protection Program and maintenance, including bridge and culvert maintenance and repair.
6. Notwithstanding any other provision of law, funds appropriated in this item may be transferred intraschedule or to Item 2660-302-3290. These transfers shall require the prior approval of the Department of Finance.
7. Funds appropriated in this item shall be available for allocation by the California Transportation Commission until June 30, 2019, and available for encumbrance and liquidation until June 30, 2023.
8. The Director of Finance, after consulting with the Commission to assess the progress of Senate Bill 1 project delivery, may increase expenditure authority in this item for additional staffing and contract authority directly related to new Senate Bill 1 allocations after notifying the Chairperson of the Joint Legislative Budget Committee and the chairperson of the committee in each house that considers appropriations no later than 30 days prior to the effective date of the approval. The notification shall include all of the following: (a) the amount of the augmentation, (b) the total positions or contract resources to be established, with corresponding workload measures, and (c) a timeline for filling positions."

"2660-001-3291—For support of Department of Transportation, payable from the Trade Corridor Enhancement Account, State Transportation Fund..... ~~1,000,000~~ 1,000

Schedule:

(1) 1835010-Capital Outlay Support..... ~~1,000,000~~ 1,000

Provisions:

1. Provision 7 of Item 2660-001-0042 also applies to this item.
2. Notwithstanding any other provision of law, funds appropriated in this item may be transferred to Item 2660-101-3291 or 2660-301-3291. These transfers shall require the prior approval of the Department of Finance.
3. Funds appropriated in this item shall be available for allocation by the California Transportation Commission until June 30, 2019, and available for encumbrance and liquidation until June 30, 2023.
4. The Director of Finance, after consulting with the Commission to assess the progress of Senate Bill 1 project delivery, may increase expenditure authority in this item for additional staffing and contract authority directly related to new Senate Bill 1 allocations after notifying the Chairperson of the Joint Legislative Budget Committee and the chairperson of the committee in each house that considers appropriations no later than 30 days prior to the effective date of the approval. The notification shall include all of the following: (a) the amount of the augmentation, (b) the total positions or contract resources to be established, with corresponding workload measures, and (c) a timeline for filling positions."

2660-008-3290—For support of Department of Transportation, Active Transportation Program, payable from Road Maintenance and Rehabilitation Account, State Transportation Fund..... 1,000

Schedule:

(1) 1835020-Local Assistance .....1,000

Provisions:

1. Notwithstanding any other provision of law, funds appropriated in this item may be transferred to Item 2660-108-3290 or Item 2660-308-3290. These transfers shall require the prior approval of the Department of Finance.
2. Funds appropriated in this item shall be available for allocation by the California Transportation Commission until June 30, 2019, and available for encumbrance and liquidation until June 30, 2023.



2660-009-0042—For support of Department of Transportation, Congested Corridors Program,  
payable from the State Highway Account, State Transportation Fund.....1,000

Schedule:

(1) 1835010-Capital Outlay Support.....\$1,000

Provisions:

1. Funds appropriated in this item shall be available for allocation by the California Transportation Commission until June 30, 2019, and available for encumbrance and liquidation until June 30, 2023.
2. Notwithstanding any other provision of law, funds appropriated in this item may be transferred to Item 2660-109-0042 or Item 2660-309-0042. These transfers shall require the prior approval of the Department of Finance.

2740-001-3290—For support of Department of Motor Vehicles, payable from the Road Maintenance and Rehabilitation Account, State Transportation Fund ..... 3,760,000

Schedule:

(1) 2130-Vehicle/Vessel Identification and Compliance.....	3,760,000
(2) 9900100 Administration.....	335,000
(3) 9900200 Administration-Distributed.....	-335,000



**DEPARTMENT OF  
FINANCE**  
OFFICE OF THE DIRECTOR

EDMUND G. BROWN JR. ■ GOVERNOR

STATE CAPITOL ■ ROOM 1145 ■ SACRAMENTO CA ■ 95814-4998 ■ WWW.DOF.CA.GOV

May 11, 2017

Honorable Holly Mitchell, Chair  
Senate Budget and Fiscal Review Committee

Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Phil Ting, Chair  
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

**Amendment to Various Budget Bill Items, Support, Department of Transportation**

**The Office of the Inspector General**—It is requested that Item 2660-001-0042 be increased by \$9,467,000 and 58 positions. The Road Repair and Accountability Act of 2017 (SB 1) creates the Office of Inspector General to provide review and oversight of new and existing transportation programs. The Inspector General shall report to the Governor, the Legislature, and the California Transportation Commission with a summary of his or her investigations, audit findings, and recommendations.

The creation of the Office includes the redirection of \$8,752,000 and 48 positions from the Division of Audits and the addition of 10 new positions. The net overall change for all funds in the Department's budget is an increase of \$715,000 and 10 positions. The request includes changes to the following items:

From the Department's Administration Program:

- Decrease Item 2660-001-0042 by \$6,187,000 and 41 positions.
- Decrease Item 2660-001-0046 by \$560,000 and 5 positions.
- Decrease Item 2660-004-6055 by \$405,000 and 1 position.
- Decrease Item 2660-004-6056 by \$200,000.
- Decrease Item 2660-004-6058 by \$61,000.
- Decrease Item 2660-004-6059 by \$199,000.
- Decrease Item 2660-004-6060 by \$596,000 and 1 position.
- Decrease Item 2660-004-6062 by \$61,000.
- Decrease Item 2660-004-6063 by \$141,000.
- Decrease Item 2660-004-6064 by \$200,000.
- Decrease Item 2660-004-6072 by \$142,000.

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.

MICHAEL COHEN

Director

By:

/s/ Amy M. Costa

AMY M. COSTA

Chief Deputy Director

Attachment

cc: Honorable Ricardo Lara, Chair, Senate Appropriations Committee  
Attention: Mr. Mark McKenzie, Staff Director  
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee  
Attention: Mr. Kirk Feely, Budget Fiscal Director  
Honorable Lorena Gonzalez, Chair, Assembly Appropriations Committee  
Attention: Mr. Pedro R. Reyes, Chief Consultant  
Honorable Jay Obernolte, Vice Chair, Assembly Budget Committee  
Attention: Ms. Cyndi Hillery, Staff Director  
Honorable Bob Wieckowski, Chair, Senate Budget and Fiscal Review Subcommittee No. 2  
Honorable Richard Bloom, Chair, Assembly Budget Subcommittee No. 3  
Mr. Mac Taylor, Legislative Analyst (4)  
Mr. Craig Cornett, Senate President pro Tempore's Office (2)  
Mr. Christopher W. Woods, Assembly Speaker's Office (2)  
Mr. Seren Taylor, Director of Strategic Policy, Assembly Republican Leader's Office  
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office  
Mr. Malcolm X. Dougherty, Director, Department of Transportation  
Mr. Clark Paulsen, Acting Chief, Division of Budgets, Department of Transportation





**DEPARTMENT OF  
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May 11, 2017

Honorable Holly Mitchell, Chair  
Senate Budget and Fiscal Review Committee

Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Phil Ting, Chair  
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

**Amendment to and Addition of Various Budget Bill Items, Support and Capital Outlay,  
Various Departments**

**Motor Voter Implementation**—It is requested that Item 2740-001-0001 be added in the amount of \$1,750,000 and Item 2740-001-0044 be increased by \$5,249,000 to provide resources for the Department of Motor Vehicles (DMV) to address programming and ongoing workload needs associated with Chapter 729, Statutes of 2015. This Chapter requires DMV to create an opt-out system for voter registration for all eligible driver license or identification card applicants. These funds will be used to develop an electronic form for driver license or identification card applications, which will create an automatic method of capturing the voter registration information of applicants.

**Federal Driver License and Identification Card Conformity**—It is requested that Item 2740-001-0044 be increased by \$22,968,000 to address workload requirements associated with conforming to federal requirements for driver licenses and identification cards. These funds will be used to address increases in workload associated with providing driver licenses and identification cards that meet federal minimum standards for identity verification. It is further requested that trailer bill language be added to facilitate the state's compliance with the federal requirements (see Attachment 1).

**California Highway Patrol (CHP) and DMV Capital Outlay**—It is requested that Item 2720-301-0044 be decreased by \$300,000 and Item 2740-301-0044 be decreased by \$450,000 to adjust each department's Statewide Planning and Site Identification appropriation. As these funds are used to determine the capital project proposals to be pursued in the future, these adjustments would result in one fewer replacement project request for both the CHP and DMV in fiscal year 2019-20. The remaining authority would be used to identify two future CHP replacement projects and to plan up to three future DMV reconfiguration projects. It is further requested that Provisions 1 and 2 of Item 2740-301-0044 be eliminated to correspond to this decrease (see Attachment 2). The decreases are consistent with the reduction in future capital outlay proposals necessary to ensure a sufficient balance in the Motor Vehicle Account, State Transportation Fund.

**Front End Applications Sustainability Project**—It is requested that provisional language be added to Item 2740-001-0044 to allow the Director of Finance to provide funding for DMV planning activities related to the Front End Applications Sustainability Project (see Attachment 3). This funding will allow DMV to engage in planning activities to prepare for a multi-year incremental technology upgrade project to replace DMV's aging systems.

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.

MICHAEL COHEN

Director

By:

/s/ Amy M. Costa

AMY M. COSTA

Chief Deputy Director

Attachment

cc: Honorable Ricardo Lara, Chair, Senate Appropriations Committee  
Attention: Mr. Mark McKenzie, Staff Director  
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee  
Attention: Mr. Kirk Feely, Budget Fiscal Director  
Honorable Lorena Gonzalez, Chair, Assembly Appropriations Committee  
Attention: Mr. Pedro R. Reyes, Chief Consultant  
Honorable Jay Obernolte, Vice Chair, Assembly Budget Committee  
Attention: Ms. Cyndi Hillery, Staff Director  
Honorable Bob Wieckowski, Chair, Senate Budget and Fiscal Review Subcommittee No. 2  
Honorable Richard Bloom, Chair, Assembly Budget Subcommittee No. 3  
Mr. Mac Taylor, Legislative Analyst (4)  
Mr. Craig Cornett, Senate President pro Tempore's Office (2)  
Mr. Christopher W. Woods, Assembly Speaker's Office (2)  
Mr. Seren Taylor, Director of Strategic Policy, Assembly Republican Leader's Office  
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office  
Mr. Brian Kelly, Secretary, California State Transportation Agency  
Mr. Brian Annis, Undersecretary, California State Transportation Agency  
Ms. Jean Shiimoto, Director, Department of Motor Vehicles  
Mr. Robert Crockett, Budget Officer, Department of Motor Vehicles  
Ms. Rebecca Metz, Commander, Fiscal Management Section, California Highway Patrol  
Mr. Greg Brown, Manager, Budget and Disbursements, California Highway Patrol



Add the following trailer bill language:

Section 12800.7 of the Vehicle Code is amended to read:

**12800.7.** (a) Upon application for an original, or renewal, or duplicate license the department may require the applicant to produce any identification that it determines is necessary in order to ensure that the name of the applicant stated in the application is his or her true, full name and that his or her residence address as set forth in the application is his or her true residence address.

(b) Notwithstanding any other law, any document provided by the applicant to the department for purposes of proving his or her identity, true, full name, California residency, or that the applicant's presence in the United States is authorized under federal law, is not a public record and may not be disclosed by the department except when requested by a law enforcement agency as part of an investigation.

Vehicle Code Section 12811 is amended as follows:

**12811.** (a) (1) (A) When the department determines that the applicant is lawfully entitled to a license, it shall issue to the person a driver's license as applied for. The license shall state the class of license for which the licensee has qualified and shall contain the distinguishing number assigned to the applicant, the date of expiration, the true full name, age, and mailing address or residence address of the licensee, a brief description and engraved picture or photograph of the licensee for the purpose of identification, and space for the signature of the licensee.

(B) Each license shall also contain a space for the endorsement of a record of each suspension or revocation of the license.

(C) The department shall use whatever process or processes, in the issuance of engraved or colored licenses, that prohibit, as near as possible, the ability to alter or reproduce the license, or prohibit the ability to superimpose a picture or photograph on the license without ready detection.

(2) In addition to the requirements of paragraph (1), a license issued to a person under 18 years of age shall display the words "provisional until age 18."

(b) (1) On and after July 1, 2011, an application for an original or renewal driver's license or identification card shall contain a space for the applicant to enroll in the Donate Life California Organ and Tissue Donor Registry. The application shall include check boxes for an applicant to mark either (A) Yes, add my name to the donor registry or (B) I do not wish to register at this time.

(2) The department shall inquire verbally of an applicant applying in person for an original or renewal driver's license or identification card at a department office as to whether the applicant wishes to enroll in the Donate Life California Organ and Tissue Donor Registry. Failure or refusal to answer this question or check a box on the application form shall not be a basis for the department to deny an applicant a driver's license or identification card.

(3) The following language shall be included with the question required by paragraph (1):

"Marking 'Yes' adds your name to the Donate Life California Organ and Tissue Donor Registry and a pink 'donor' dot will appear on your license. If you wish to remove your name from the registry you must contact Donate Life California (see back); DMV can remove the pink dot from your licenses but cannot remove you from the registry."

(4) The back of the application shall contain the following statement:

"If, on the front of this form, you marked 'Yes' to register as an organ and tissue donor you are legally authorizing the recovery of organs and tissues in the event of your death. Registering as a donor will not affect your medical treatment in any way. As outlined in the California Anatomical Gift Act, your authorization is legally binding and, unless the donor is under 18 years of age, your decision does not require the consent of any other person. For registered donors under 18 years of age, the legal guardian shall make the final donation decision. You may limit your donation to specific organs or tissues, place usage restrictions, for example transplantation or research, obtain more information about donation, or remove your name from the registry on the Internet Web site of Donate Life California: [www.donateLIFCalifornia.org](http://www.donateLIFCalifornia.org)."

(5) Notwithstanding any other law, a person under 18 years of age may register as a donor. However, the legal guardian of that person shall make the final decision regarding the donation.

(6) The department shall collect donor designation information on all applications for an original or renewal driver's license or identification card.

(7) The department shall print the word "DONOR" or another appropriate designation on the face of a driver's license or identification card to a person who has indicated on the application his or her intent to enroll in the organ donation program pursuant to this section.

(8) On a weekly basis, the department shall electronically transmit to Donate Life California, a nonprofit organization established and designated as the California Organ and Tissue Donor Registrar pursuant to Section 7150.90 of the Health and Safety Code, all of the following information from every application that indicates the applicant's decision to enroll in the organ donation program:

(A) His or her true full name.

(B) His or her residence or mailing address.

(C) His or her year of birth.

(D) His or her California driver's license number or identification card number.

(9) (A) A person who applies for an original or renewal driver's license or identification card may designate a voluntary contribution of two dollars (\$2) for the purpose of promoting and supporting organ and tissue donation. This contribution shall be collected by the department, and treated as a voluntary contribution to Donate Life California and not as a fee for the issuance of a driver's license or identification card.



(B) The department may use the donations collected pursuant to this paragraph to cover its actual administrative costs incurred pursuant to paragraphs (6) to (8), inclusive. The department shall deposit all revenue derived pursuant to this paragraph and remaining after the department's deduction for administrative costs in the Donate Life California Trust Subaccount, that is hereby created in the Motor Vehicle Account in the State Transportation Fund. Notwithstanding Section 13340 of the Government Code, all revenue in this subaccount is continuously appropriated, without regard to fiscal years, to the Controller for allocation to Donate Life California and shall be expended for the purpose of increasing participation in organ donation programs.

(C) The department shall transmit to the Donate Life California Organ and Tissue Donor Registry and the appropriate policy and fiscal committees of the Legislature an annual report, and shall make available quarterly updates, detailing funds collected through voluntary contributions as well as a summary of applicants, including all of the following nonidentifiable information:

- (i) Date of application.
- (ii) Method of application (field office, online, or mail).
- (iii) Donor registration status.
- (iv) ZIP Code.
- (v) Gender.
- (vi) Year of birth.

(D) (i) The annual report to be submitted to the appropriate policy and fiscal committees of the Legislature pursuant to subparagraph (C) shall be submitted in compliance with Section 9795 of the Government Code.

(ii) Pursuant to Section 10231.5 of the Government Code, the requirement for submitting the annual report to the appropriate policy and fiscal committees of the Legislature imposed under subparagraph (C) is inoperative four years after the date the first annual report is due.

(10) The enrollment form shall be posted on the Internet Web sites for the department and the California Health and Human Services Agency.

(11) The enrollment shall constitute a legal document pursuant to the Uniform Anatomical Gift Act (Chapter 3.5 (commencing with Section 7150) of Part 1 of Division 7 of the Health and Safety Code) and shall remain binding after the donor's death despite any express desires of next of kin opposed to the donation. Except as provided in paragraph (5) of subdivision (b), the donation does not require the consent of any other person.

(12) Donate Life California shall ensure that all additions and deletions to the California Organ and Tissue Donor Registry, established pursuant to Section 7150.90 of the Health and Safety Code, shall occur within 30 days of receipt.

(13) Information obtained by Donate Life California for the purposes of this subdivision shall be used for these purposes only and shall not be disseminated further by Donate Life California.

(c) (1) All applications for a driver's license or identification card shall contain a space for an applicant to indicate whether he or she has served in the Armed Forces of the United States and to give his or her consent to be contacted regarding eligibility to receive state or federal veterans benefits. The application shall contain the following statement:

"By marking the veteran box on this application, I certify that I am a veteran of the United States Armed Forces and that I want to receive veterans benefits information from the California Department of Veterans Affairs. By marking the veteran box on this application, I also consent to DMV transmitting my name and mailing address to the California Department of Veterans Affairs for this purpose only, and I certify that I have been notified that this transmittal will occur."

(2) The department shall collect the information obtained pursuant to paragraph (1).

(3) As mutually agreed between the department and the Department of Veterans Affairs, the department shall electronically transmit to the Department of Veterans Affairs the following information on each applicant who has identified that he or she has served in the Armed Forces of the United States since the last data transfer and has consented to be contacted about veterans benefits:

(A) His or her true full name.

(B) His or her mailing address.

(4) Information obtained by the Department of Veterans Affairs for the purposes of this subdivision shall be used for the purpose of assisting individuals to access veterans benefits and shall not be disseminated except as needed for this purpose.

(5) Commencing November 11, 2015, an in-person application for a driver's license or identification card shall allow an applicant to request the word "VETERAN" be printed on the face of the driver's license or identification card. A verification form shall be developed by the Department of Veterans Affairs in consultation with the Department of Motor Vehicles and the California Association of County Veterans Service Officers to acknowledge verification of veteran status. A county veterans service office shall verify the veteran's status as a veteran, sign the verification form, and return it to the veteran. The Department of Motor Vehicles shall accept the signed verification form as proof of veteran status. Upon payment of the fee required pursuant to Section 14901.1, the word "VETERAN" shall be printed on the face of a driver's license or identification card, in a location determined by the department, and issued to a person who makes this request and presents the verification form to the department.

(d) A public entity or employee shall not be liable for loss, detriment, or injury resulting directly or indirectly from false or inaccurate information contained in the form provided pursuant to subdivision (b).

(e) A contract shall not be awarded to a nongovernmental entity for the processing of driver's licenses, unless the contract conforms to all applicable state contracting laws and all applicable procedures set forth in the State Contracting Manual.



“2740-301-0044—For capital outlay, Department of Motor Vehicles, payable from the Motor Vehicle Account, State Transportation Fund .....	23,950,000
	23,500,000

Schedule:

- |     |  |                |
|-----|--|----------------|
| (1) | 0001493-Statewide: Planning and Site Identification—Study and acquisition .....  | 750,000        |
| (2) | 0000709-Inglewood: Field Office Replacement—Construction .....                   | 15,126,000     |
| (3) | 0000943-San Diego Normal Street: Field Office Replacement—Working drawings ..... | 1,533,000      |
| (4) | 0001491-Oxnard: Field Office Reconfiguration—Preliminary plans .....             | 418,000        |
| (5) | 0001492-Reedley: Field Office Replacement—Acquisition .....                      | 2,173,000      |
| (6) | 0001490-Statewide: Minor Capital Outlay .....                                    | 3,950,000      |
| (7) | <u>0002379-Statewide: Planning—Study .....</u>                                   | <u>300,000</u> |

Provisions:

1. ~~The Department of Finance may augment the funds in Schedule (1) by up to \$1,000,000 for the purpose of securing option agreements to purchase critical parcels of real property. Any augmentation may be authorized not sooner than 30 days after notification is provided to the chairpersons of the committees in each house of the Legislature that consider appropriations, the chairpersons of the committees and the appropriate subcommittees in each house of the Legislature that consider the Department of Motor Vehicles budget, and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the joint committee, or his or her designee, may in each instance determine. Any such option agreement is subject to Property Acquisition Law.~~
  
2. ~~On or before January 31, 2018, and before the submission of a 30-day notice described in Provision 1, the Department of Finance shall report to the appropriate fiscal committees of the Legislature and the Legislative Analyst's Office on the status of the 2017-18 Statewide Planning and Site Identification appropriation. Specifically, the report shall (a) identify the communities in which a search for land for a potential Department of Motor Vehicles office replacement is ongoing and (b) describe the deficiencies of the Department of Motor Vehicles office in each selected community.~~



3. Neither the State Public Works Board nor the Department of Finance shall be deemed a lead or responsible agency for purposes of the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code) for any action, approval, or authorization provided with respect to the activities authorized by this item. This provision does not exempt the Department of Motor Vehicles from the requirements of the California Environmental Quality Act. This provision is declaratory of existing law.
4. Notwithstanding any other provision of law, the funds appropriated in Schedule (6) shall be available for encumbrance until June 30, 2019."

Add the following provision to Item 2740-001-0044:

1. The Director of Finance may augment this item by \$3,414,000 to provide funding for planning activities related to the Front End Applications Sustainability Project. This augmentation may not occur until the Department of Motor Vehicles has either gained concurrence from the Department of Technology that it has sufficient availability of program and information technology staff necessary to complete the planning efforts, or has completed the following information technology projects: (a) Commercial Driver License Information System, (b) expansion of the automated knowledge test to accommodate additional languages, (c) system updates to conform to federal requirements for issuance of driver licenses and identification cards, and (d) tokenization to increase security for credit card transactions.