



May 14, 2020

Honorable Holly Mitchell, Chair
Senate Budget and Fiscal Review Committee

Attention: Joe Stephenshaw, Staff Director (2)

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant (2)

Amendment to and Addition of Various Budget Bill Items, Support, Transportation Departments

On March 4, 2020, the Governor declared a state of emergency to help the state prepare and respond to COVID-19. The impact on the state has resulted in a severe drop in economic activity, with corresponding negative effects on anticipated revenues. As a result of these conditions, all budget change proposals were reevaluated within the context of a workload budget based on the merits of each proposal and ultimately subject to the availability of funding.

As a result, the Administration is withdrawing, without prejudice, specified requests within the Transportation area that were included in the 2020-21 Governor's Budget. The Administration is also modifying specified requests in this area that were included in the 2020-21 Governor's Budget. Modifications could include either reductions or increases to specific items or programs, or delaying substantial implementation of a new program or activity. Withdrawn requests are included on **Attachment 1 (see row 1 and 2)**. Additional details on modified requests are listed below and on **Attachment 1 (see row 3 through 5)**. Although these proposals have substantial merit and may be resubmitted for future consideration, we must pivot to prioritize immediate COVID-19 related needs.

As noted above, pursuant to Budget Letter 20-08, the Department of Finance conducted a thorough assessment of the most critical funding needs within the general framework of workload budget, as defined in Government Code section 13308.05, and based upon revised expected revenues. This assessment not only resulted in the changes described in the preceding paragraph, but also requires a number of new adjustments and requests that are respectfully submitted and detailed below. Funding detail for these adjustments can be found in **Attachment 1 (see row 6 through 16)**, and any related Budget Bill language changes associated with these adjustments can be found in **Attachment 2**. If necessary, additional information may be included in a Budget Change Proposal or other back-up documentation submitted to the Legislature.

Finally, after conducting a review of all 2020-21 Governor's Budget Proposals, a number of requests are being sustained. Funding detail for these adjustments can be found on **Attachment 1 (see row 17 through 29)**.

Modified Governor's Budget Proposals:

Department of Transportation:

- **Pedestrian and Bicycle Safety Investigations**—It is requested that Item 2660-001-0042 be decreased by \$2,209,000 and 12 positions related to pedestrian and bicycle safety investigations. Completing these investigations is a high priority for the Administration and the Department will prioritize investigative workload so the new activities proposed in the Governor's Budget will be accomplished as planned. **(See row 3 of Attachment 1)**
- **Transportation Systems Network Information Technology Project**—It is requested that Item 2660-001-0042 be decreased by \$5,424,000 related to the Transportation Systems Network Information Technology Project. This project is a priority of the Administration and the Department will prioritize existing resources so that this project will continue to move forward. **(See row 4 of Attachment 1)**
- **Wildfire Litigation**—It is requested that Item 2660-001-0042 be decreased by \$1,747,000 related to wildfire litigation. This legal defense work remains an urgent priority of the Administration. The Department will redirect program savings so this legal work can be completed as necessary. **(See row 5 of Attachment 1)**

New Requests for May Revision:

California State Transportation Agency:

- **Fund Allocation Adjustment**—It is requested that various Budget Bill items be adjusted resulting in a net-zero realignment of the Department's funding authority. This request includes changes to the following items:
 - Increase Item 0521-001-0042 by \$1,924,000
 - Increase Item 0521-001-0044 by \$643,000
 - Increase Item 0521-001-0046 by \$641,000
 - Decrease reimbursements to Item 0521-001-0044 by \$3,208,000**(See row 6 of Attachment 1)**

Department of Transportation:

- **Office Space Related Costs**—It is requested that Item 2660-001-0042 be increased by \$4,469,000 for office space costs related to staff growth resulting from increased transportation funding provided by Chapter 5, Statutes of 2017 (SB 1). Supplies include mobile workstations and additional equipment to improve off-site productivity. **(See row 7 of Attachment 1)**
- **Department of General Services Increased Costs**—It is requested that Item 2660-001-0042 be increased by \$7,592,000. This increase will provide \$2,661,000 for increased Department of General Services Statewide Surcharge

costs and \$4,931,000 for increased vehicle insurance premium costs. **(See row 8 and 9 of Attachment 1)**

- **General Fund Revenue Transfers and Loans**
 - It is requested that Item 2660-011-0052 be added to loan \$21,810,000 from the Local Airport Loan Account to the General Fund.
 - It is requested that Item 2660-022-0042 be added to transfer \$130,479,000 from the State Highway Account to the General Fund.
 - It is requested that Item 2660-022-3007 be added to transfer \$32 million from the Traffic Congestion Relief Fund to the General Fund.
(See rows 10 through 12 of Attachment 1)

- **Provisional Language**—It is also requested that Provisions 14 and 19 of Item 2660-001-0042 be amended **(See Attachment 2)**.

High-Speed Rail Authority:

- **Form to Function**—It is requested that Item 2665-004-6043 be increased by \$13,398,000 and 70 positions to convert contracted positions to state staff. This action continues the shift of High-Speed Rail Authority's design-build contract oversight, right-of-way acquisition, utility relocation, and associated supervision and project-related accounting activities to state oversight. The request is consistent with the 2018 California State Auditor recommendation that the Authority increase state oversight of contractors. The conversion results in a commensurate reduction of \$29.8 million in contract costs. **(See row 13 of Attachment 1)**

California Highway Patrol:

- **Department of General Services Increased Costs**—It is requested that Item 2720-001-0044 be increased by \$2,850,000 for increased vehicle insurance premium costs. **(See row 14 of Attachment 1)**

Department of Motor Vehicles:

- **Heavy-Duty Vehicle Inspections and Maintenance Program (SB 210)**—It is requested that Item 2740-001-0115 be added in the amount of \$1,705,000 to begin the Project Approval Lifecycle process to plan for an IT system that will receive data from the Air Resources Board regarding heavy-duty truck smog violations. The system will assist the Board in improving its emissions control program for heavy-duty vehicles, resulting in reductions in harmful vehicle emissions. **(See row 15 of Attachment 1)**

- **Withdraw Front-End Sustainability Funding**—It is requested that Item 2740-001-0044 be decreased by \$12,096,000 to reflect a shift in the approach of the Department Motor Vehicles (DMV) in the replacement of its legacy IT systems. After analysis of its IT systems, the California Department of Technology and DMV determined that it is more appropriate to stabilize DMV's current legacy systems to lessen the chance of outages at field offices and at headquarters before beginning the replacement of the legacy systems. This request retains funding for DMV to continue its stabilization activities and its

analysis of its broader IT needs to inform a future IT replacement project. **(See row 16 of Attachment 1)**

If you have any questions or need additional information regarding this matter, please contact the appropriate Principal Program Budget Analyst for that subject matter area.

KEELY MARTIN BOSLER
Director
By:

/s/ Vivek Viswanathan

VIVEK VISWANATHAN
Chief Deputy Director

Attachment

cc: Honorable Anthony Portantino, Chair, Senate Appropriations Committee
Attention: Mark McKenzie, Staff Director
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Kirk Feely, Budget Fiscal Director
Honorable Lorena Gonzalez, Chair, Assembly Appropriations Committee
Attention: Jay Dickenson, Chief Consultant
Honorable Jay Obernolte, Vice Chair, Assembly Budget Committee
Attention: Cyndi Hillery, Budget Director
Honorable Bob Wieckowski, Chair, Senate Budget and Fiscal Review Subcommittee No. 2
Honorable Richard Bloom, Chair, Assembly Budget Subcommittee No. 3
Gabriel Petek, Legislative Analyst (4)
Christopher W. Woods, Senate President pro Tempore's Office (2)
Jason Sisney, Assembly Speaker's Office (2)
Jayme Chick, Deputy Chief of Staff, Policy, Assembly Republican Leader's Office
Alex Khan, Chief Consultant, Assembly Republican Leader's Office
David Kim, Secretary, California State Transportation Agency
Elissa Konove, Undersecretary, California State Transportation Agency
Toks Omishakin, Director, Department of Transportation
James Davis, Chief Deputy Director, Department of Transportation
Steven Keck, Deputy Director, Finance, Department of Transportation
Brian Kelly, Chief Executive Officer, High-Speed Rail Authority
Brian Annis, Chief Financial Officer, High-Speed Rail Authority
Steve Gordon, Director, Department of Motor Vehicles
Robert Crockett, Deputy Director, Administrative Services, Department of Motor Vehicles
Lee Piacentini Scott, Chief Budget Officer, Department of Motor Vehicles
Greg Brown, Budget and Disbursements Manager, California Highway Patrol
Rebecca Metz, Commander, Fiscal Management Section, California Highway Patrol

GB WITHDRAWN ISSUES

Row	BU	Department	BR Title	General Fund BY	Other Funds BY	Positions BY	BBL	TBL	Assembly Consultant	Senate Consultant	LAO Consultant
1	2740	Department of Motor Vehicles	Oxnard Field Office Swing Space	--	-\$60,000	--	--	--	FB	JH	BB
2	2740	Department of Motor Vehicles	Inglewood Swing Space	--	-\$1,972,000	--	--	--	FB	JH	BB

GB MODIFIED ISSUES

Row	BU	Department	BR Title	General Fund BY	Other Funds BY	Positions BY	BBL	TBL	Assembly Consultant	Senate Consultant	LAO Consultant
3	2660	Department of Transportation	Pedestrian and Bicyclist Safety Investigations	--	-\$2,209,000	-12.0	--	--	FB	JH	BB
4	2660	Department of Transportation	Transportation Systems Network Information Technology Project	--	-\$5,424,000	--	--	--	FB	JH	BB
5	2660	Department of Transportation	Wildfire Litigation	--	-\$1,747,000	--	--	--	FB	JH	BB

NEW MR BCP ISSUES

Row	BU	Department	BR Title	General Fund BY	Other Funds BY	Positions BY	BBL	TBL	Assembly Consultant	Senate Consultant	LAO Consultant
6	0521	Secretary for Transportation Agency	Fund Allocation Adjustment	--	\$0	--	--	--	FB	JH	BB
7	2660	Department of Transportation	Office Space Related Costs	--	\$4,469,000	--	--	--	FB	JH	BB
8	2660	Department of Transportation	DGS Increased Surcharge Costs	--	\$2,661,000	--	--	--	FB	JH	BB
9	2660	Department of Transportation	DGS Increased Vehicle Insurance Premium Costs	--	\$4,931,000	--	--	--	FB	JH	BB
10	2660	Department of Transportation	Loan from State Local Airport Loan Account (0052) to General Fund (0001) per Item 2660-011-0052, Budget Act of 2020	--	\$21,810,000	--	Yes	--	FB	JH	BB

11	2660	Department of Transportation	Transfer from State Highway Account, State Transportation Fund (0042) to General Fund (0001) per Item 2660-022-0042, Budget Act of 2020	--	\$130,479,000	--	Yes	--	FB	JH	BB
12	2660	Department of Transportation	Transfer from Traffic Congestion Relief Fund (3007) to General Fund (0001) per Item 2660-022-3007, Budget Act of 2020	--	\$32,000,000	--	Yes	--	FB	JH	BB
13	2665	High-Speed Rail Authority	Form to Function	--	\$13,398,000	70.0	--	--	FB	JH	DS
14	2720	Department of California Highway Patrol	Vehicle Insurance Premium Assessment	--	\$2,850,000	--	--	--	FB	JH	BB
15	2740	Department of Motor Vehicles	Heavy-Duty Vehicle Inspections and	--	\$1,705,000	--	--	--	FB	JH	BB

			Maintenance Program								
16	2740	Department of Motor Vehicles	Withdraw Front-End Sustainability Funding	--	-\$12,096,000	--	--	--	FB	JH	BB

GB SUSTAIN ISSUES

Row	BU	Department	BR Title	General Fund BY	Other Funds BY	Positions BY	BBL	TBL	Assembly Consultant	Senate Consultant	LAO Consultant
17	0521	Secretary for Transportation Agency	Relocation Cost	--	\$837,000	--	--	--	FB	JH	BB
18	2660	Department of Transportation	Continuation of Americans with Disabilities Act Infrastructure Program	--	\$1,000,000	--	--	--	FB	JH	BB
19	2660	Department of Transportation	Litter Abatement	--	\$31,835,000	--	--	--	FB	JH	BB
20	2660	Department of Transportation	Highway Fund Shift	--	--	--	--	--	FB	JH	BB

21	2660	Department of Transportation	Transportation System Network Information Technology Project	--	\$5,424,000	--	--	--	FB	JH	BB
22	2660	Department of Transportation	Continuation of Proposition 1B Administrative Support	--	\$4,992,000	19.5	--	--	FB	JH	BB
23	2665	High-Speed Rail Authority	IT Office Re-Structuring	--	\$2,634,000	15.0	--	--	FB	JH	DS
24	2720	Department of California Highway Patrol	California Cybersecurity Integration Center	\$977,000	--	4.0	--	--	FB	JH	BB
25	2720	Department of California Highway Patrol	Mandatory Relocation to Capitol Swing Space	--	\$1,111,000	--	--	--	FB	JH	BB
26	2720	Department of California Highway Patrol	Increase in Reimbursement Authority	--	\$4,040,000	--	--	--	FB	JH	BB
27	2720	Department of California	E-Cigarette Tax Enforcement	--	\$7,000,000	10.0	--	--	FB	JH	BB

		Highway Patrol									
28	2740	Department of Motor Vehicles	Motor Voter Workload Resources	\$6,405,000	--	38.0	--	--	FB	JH	BB
29	2740	Department of Motor Vehicles	Eureka Field Office Relocation	--	\$2,971,000	--	--	--	FB	JH	BB

Provisional changes for new May Revision Budget Change Proposals:

California State Transportation Agency:

1. For early reversion of North Coast Railroad Authority **(see Row 7 of Attachment 1)**. Add the following item:

0521-495—Reversion, Secretary of Transportation. As of June 30, 2020, the unencumbered balances of the appropriations provided in the following citations shall revert to the fund balances of the funds from which the appropriations were made.

0001—General Fund

(1) Item 0521-101-0001, Budget Act of 2019

Department of Transportation:

1. General Fund Transfers and Loans **(see rows 11 through 13 of Attachment 1)**. Add the following items:

2660-011-0052—For transfer by the Controller from the Local Airport Loan Account..... (21,810,000)

Provisions:

1. The amount transferred in this item is a loan to the General Fund and shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer.

2660-022-0042 – For transfer by the Controller from the State Highway Account, State Transportation Fund..... (130,479,000)

Provisions:

1. This amount represents the interest paid from the Surplus Money Investment Fund to the account between the 2014-15 and 2018-19 fiscal years.

2660-022-3007 – For transfer by the Controller from the Traffic Congestion Relief Fund..... (32,000,000)

Provisions:

1. Notwithstanding any other law, the Controller shall transfer the unencumbered balance of the Traffic Congestion Relief Fund as of June 30, 2020.

2. For early reversion of Legislative Investments in Transportation Projects **(see row 14 of Attachment 1)**. Add the following item:

2660-495—Reversion, Department of Transportation. As of June 30, 2020, the unencumbered balances of the appropriations provided in the following citations shall revert to the fund balances of the funds from which the appropriations were made.

0001—General Fund

(1) Item 2660-101-0001, Budget Act of 2019

3. Provisional Language for Capital Outlay Support Program. Amendment to the following Provisions in Item 2660-001-0042:

14. Of the funds appropriated in Program 1835010-Capital Outlay Support, \$370,996,000 ~~\$355,526,000~~ is for overhead and corporate resources in support of the Capital Outlay Support Program. This amount may be adjusted pursuant to the provisions of Section 3.60 or provisions of Item 9800-001-0001, 9800-001-0494, or 9800-001-0988 with the concurrence of the Department of Finance. The Department of Transportation shall provide quarterly reports, to the Department of Finance, of actual expenditures for overhead and corporate resources beginning October 1, 2015. In addition, the Department of Transportation, in conjunction with the Department of Finance, shall review the overhead and corporate components of the Capital Outlay Support Program. Results associated with this review shall be included in the 2021–22 fiscal year annual May Revision Finance Letter.

19. For Program 1835010-Capital Outlay Support, appropriations include funding and expenditure authority for state positions and personal services cash overtime totaling \$1,588,766,000 ~~1,511,413,000~~ in the program in 2020–21.

Department of Motor Vehicles:

1. Heavy-Duty Vehicle Inspections and Maintenance Program **(see row 15 of Attachment 1)**. Add the following item:

2740-001-0115 – For support of Department of Motor Vehicles, payable from the Air Pollution Control Fund 1,705,000