



# The 2008-09 Budget

## *Highlights: The Governor's commitment to transportation and housing*

[www.gov.ca.gov/issue/state-budget](http://www.gov.ca.gov/issue/state-budget)

The Governor's Budget provides close to \$20 billion and nearly 45,000 positions to fund California's Business, Transportation and Housing programs. The proposed budget was constructed first by computing the workload budget funding level. From the workload budget, adjustments were made to reflect specific policy adjustments and reductions, including budget-balancing reductions.

### **Proposed Workload Budget**

- Proposition 42 is fully funded at \$1.5 billion, including \$83 million for loan repayment pursuant to Proposition 1A of 2006.
- Caltrans will receive an additional \$460.3 million in federal funding in 2007-08 from both reimbursement for emergency funds expended in past years and from federal funding that other states were unable to use. These funds will be used to complete additional pavement rehabilitation work.
- The budget reflects the passage of Chapter 733, Statutes of 2007 (SB 717), which shifted \$74 million annually in Proposition 42 revenues from the state to local transit agencies funded through the State Transit Assistance Program.
- \$18.5 million for the third year of a five-year CHPERS Enhanced Radio System project to replace and upgrade CHP's system.
- \$3.2 million to fund workload increases associated with the implementation and administration of Proposition 1B bond funds.

### **Transportation**

#### **State Transportation Improvement Program (STIP)**

\$2.1 billion in 2007-08 and \$1.5 billion in 2008-09 for STIP projects, a decrease of 29 percent. The reduction is due primarily to an unusually high one-time increase in capital funding for public transportation projects in 2007-08 and statutory changes in SB 79 and SB 717 that specify that a significantly larger share of the Public Transportation Account revenues now go to local transit agencies to fund operating costs. The reduction also reflects the temporary increase in capital expenditures in 2006-07 and 2007-08 associated with the \$1.4 billion Proposition 42 loan repayment in 2006-07.

#### **State Highway Operation and Protection Program (SHOPP)**

\$2 billion in 2007-08 and \$1.6 billion in 2008-09, a decrease of 20 percent due to a one-time increase of \$460 million in 2007-08 in reimbursements for past emergency expenditures and the redistribution of federal funds that other states were unable to use.

#### **Local Assistance Programs**

\$3 billion for local transportation in 2008-09, including \$156 million for local mass transportation projects.

#### **Local Mass Transportation**

The Governor's Budget includes funding for the following transit, rail, and planning programs, as reflected in Figure BTH-02. This reflects a continuation of the funding allocation priorities set in Chapter 181 (SB 88), Statutes of 2007.

- \$141 million to continue funding transportation services administered by Regional Centers.
- \$1.1 billion for local transit agencies for operating and capital purposes through the State Transit Assistance Program. This amount includes \$350 million in Proposition 1B funds for capital transit projects and \$742.9 million from sales tax revenues, including a \$74 million increase in Proposition 42 revenues resulting from passage of SB 717. Operating funds from sales tax revenues are growing from \$304 million in 2007-08 to \$743 million in 2008-09.

## **State Operations**

- \$4.2 billion in state operations funding to support Caltrans in 2008-09, including \$2.9 billion from the State Highway Account, \$362 million in federal funds, and \$990 million from other special funds, a \$14 million increase from currently estimated 2007-08 expenditures.
- A new \$20 million bond program is being proposed for Caltrans for the sale of Clean Renewable Energy Bonds (CREBs). The resources will be utilized to fund up to 70 photovoltaic (i.e., solar energy) projects at maintenance facilities, equipment shops, transportation management centers, materials labs, and office buildings.

## **Maintenance**

\$1.2 billion to maintain approximately 15,000 centerline miles of highway, over 230,000 right-of-way acres, and over 12,000 state highway bridges and to inspect over 12,000 local bridges. This is an increase of \$21 million over 2007-08.

## **State Rail Operations**

\$106 million to manage and coordinate intercity rail passenger services that provide commuters with a range of transportation options, help improve the state's air quality, and reduce highway congestion and fuel consumption. Caltrans manages two state-supported routes operated by Amtrak, the San Joaquin and Pacific Surfliner, and financially supports the Capitol Corridor.

## **High-Speed Rail Authority**

The Budget proposes to continue the current level of funding of \$1.2 million for basic staff support.

## **Transportation Revenue**

### **Proposition 1B**

The approval by voters of Proposition 1A and the \$19.9 billion transportation bond measure of Proposition 1B in November 2006 provides a substantial down payment on meeting California's long-term transportation needs over the next ten years. The 2008-09 Governor's Budget proposes a total of \$4.7 billion in appropriations. The California Transportation Commission has already scheduled resources for projects under four of the major bond programs, and has adopted guidelines that will enable projects to be scheduled in the near future for two others.

The Governor's Budget proposes to appropriate \$4.7 billion for:

- \$1,547 million - Corridor Mobility
- \$350 million – Local Transit Program
- \$1,186 million – State Transportation Improvement Program
- \$500 million – Trade Corridors
- \$200 million – State/Local Partnerships
- \$216 million – State Highway Operations and Protection Program
- \$65 million – Grade Separation Program
- \$108 million – Highway 99
- \$21 million – Local Seismic
- \$73 million – Intercity Rail
- \$0.4 million – School Bus Retrofit
- \$250 million – Air Quality
- \$101 million – Transit Security
- \$58 million – Port Security

### **Proposition 42**

The Governor's Budget proposes to fully fund the \$1.485 billion Proposition 42 transfer and the Proposition 1A loan repayment for fiscal 2008-09.

## **Housing**

### **Department of Housing and Community Development**

The Budget proposes \$1.1 billion (\$15.9 million General Fund and \$1.0 billion other funds) and 626 positions. This represents a decrease of \$246.5 million and an increase of 48.8 positions from the revised 2007-08 Budget.

In 2008-09, expenditures from Proposition 46 bond funds are estimated to be \$36.8 million, which will fully expend the bond. Proposition 1C expenditures are expected to total \$771 million, a decrease of \$202 million from 2007-08.

### **Proposition 1C**

Proposition 1C, the Housing and Emergency Shelter Fund Act of 2006, was approved in November 2006 to promote housing programs in California through the investment of \$2.85 billion in General Obligation Bonds in existing housing programs, as well as to fund investment in innovative housing programs, housing infill construction, and housing-related parks.

The Governor's Budget includes \$771 million in bond allocations for:

- \$188 million for affordable homeownership
- \$194 million for multifamily rental housing
- \$40 million for the Joe Serna Jr. Farmworker Housing program
- \$24 million for emergency housing assistance
- \$200 million for the Infill Incentives Grant program
- \$95 million for transit-oriented development
- \$30 million for housing urban-suburban-and-rural parks

### **Proposed Budget-Balancing Reductions**

Budget-balancing reductions for the Business Transportation and Housing agency total \$0.2 million in 2007-08 and \$2.03 million and 4.1 personnel years in 2008-09. Programs exempted from reductions include Proposition 42 transportation transfers and general obligation debt service.

The major reductions are described below:

- \$481,000 in 2008-09 for the Small Business Loan Guarantee Program. This reduction will result in fewer loan guarantees available to small businesses in California.
- \$343,000 in 2008-09 for the Office of Migrant Services. This reduction will require four centers to be closed, resulting in fewer housing opportunities for migrant agricultural workers in California.
- \$401,000 in 2008-09 for the Emergency Shelter Program. This reduction in assistance to local homeless emergency shelters would result in approximately 1,900 fewer shelter spaces annually.

### **Special Session Issues**

Trailer bill language is being proposed to postpone until September 2008 the monthly transfer of excise tax revenues from the Highway Users Tax Account to cities and counties for local streets and roads maintenance for the months of April through August of 2008. This will meet General Fund cash needs by providing additional borrowable cash.

***The Governor's 2008-09 budget proposal can be read  
in its entirety at <http://www.ebudget.ca.gov/>.***