State of California
DEPARTMENT OF TRANSPORTATION

Business, Transportation and Housing Agency

M e m o r a n d u m

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: December 14-15, 2011

Reference No.: 3.8
Information Item

From: NORMA ORTEGA
Chief Financial Officer

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Division Chief
Budgets

Subject: **FY 2011-12 FIRST QUARTER FINANCE REPORT**

Attached is the California Department of Transportation's Fiscal Year 2011-12 First Quarter Finance Report.

Attachment

Department of Transportation Quarterly Finance Report

First Quarter 2011-12

Department of Transportation
Division of Budgets

The purpose of the Quarterly Finance Report is to provide the California Transportation Commission (Commission) with the status of capital allocations versus capacity, and to report any trends or issues that may require action by the Department of Transportation (Department) or Commission regarding transportation funding policy, allocation capacity, or forecast methodology to ensure the efficient and prudent management of transportation resources. Below is the schedule of dates for the development of the Fiscal Year (FY) 2011-12 Quarterly Finance Reports.

California Department of Transportation
Quarterly Finance Report
Schedule of Reports

Fiscal Year	Quarterly Report	Activity	Date
2011-12	2010-11 Q4	Close of Quarter	6/30/11
		Quarterly Report to Commission Staff	8/31/11
		Presented to Commission	9/15/11
	2011-12 Q1	Close of Quarter	9/30/11
		Quarterly Report to Commission Staff	11/15/11
		Presented to Commission	12/7/11
	2011-12 Q2	Close of Quarter	12/31/11
		Quarterly Report to Commission Staff	2/15/12
		Presented to Commission	3/29/12
	2011-12 Q3	Close of Quarter	3/31/12
		Quarterly Report to Commission Staff	5/15/12
		Presented to Commission	6/28/12
2012-13	2011-12 Q4	Close of Quarter	6/30/12
		Quarterly Report to Commission Staff	8/31/12
		Presented to Commission	9/27/12

Department of Transportation Quarterly Finance Report

First Quarter FY 2011-12

EXECUTIVE SUMMARY

2011-12 Capital Allocations vs. Capacity Summary through September 30, 2011 ($ in millions)					
	SHOPP[1]	**STIP[1]**	**TCRP**	**BONDS**	**TOTAL**
Total Allocation Capacity	$2,058	$842	$84	$4,497	$7,480
Total Votes	1,449	254	50	788	2,542
Authorized Changes[2]	-44	-2	0	N/A	-45
Total Remaining Capacity	**$652**	**$589**	**$34**	**$3,709**	**$4,983**

Note: Totals may not add due to rounding
[1]Proposition 1B bond capacity included in total: $58M (Prop 1B SHOPP); $395M (Prop 1B STIP).
[2]Authorized changes include project increases and decreases pursuant to the Commission's G-12 process and project rescissions.

The Commission allocated $2.542 billion toward 200 projects through the first quarter of FY 2011-12. This represents approximately 34 percent of the $7.48 billion total capacity approved by the Commission. Authorized changes totaled a negative $45 million, leaving $4.983 billion in remaining capacity. The majority of the remaining capacity originates from unallocated bond authority. Although $4.497 billion was authorized for bond capacity, only $788 million was allocated toward bond programs during this quarter. There were two noteworthy bond sales that occurred in September and October 2011. Because of these bond sales and the outlook for future bond sales, the Department is no longer recommending the moratorium on bond funded projects.

The cash balances for the State Highway Account (SHA), Transportation Investment Fund (TIF), and the Transportation Deferred Investment Fund (TDIF) were within acceptable range of forecast. The SHA cash balance is estimated for August and September, because actuals were unavailable due to year-end closing. The cash balances for all the remaining Departmental funds differed from forecasted amounts (Refer to Appendix B) for specific reasons. The Public Transportation Account (PTA) cash balance was higher than forecasted due to an early receipt of first quarter revenues and lower than forecasted expenditures. In addition, the scheduled September payment to the State Transit Assistance (STA) did not occur as scheduled. The Transportation Congestion Relief Fund (TCRF) ended the quarter with a cash balance that was lower than forecasted due to the processing of outstanding expenditures that had accrued from the previous year. The expenditures were applied in August 2011.

The federal fiscal year ended in conjunction with the end of the state fiscal year's first quarter. The Department fully obligated $3.4 billion in federal funds allocated to the state, and successfully obtained an additional $135 million through the August redistribution process.

STATE HIGHWAY OPERATION AND PROTECTION PROGRAM (SHOPP)

State Highway Operation and Protection Program ($ in millions)					
Fund	**Allocation Capacity**	**Allocations to Date**	**Adjustments**	**Net Allocations**	**Remaining Capacity**
SHA	$180	$149	$3	$151	$29
FTF	1,820	1,301	-47	1,254	566
Prop 1B SHOPP	58	0	0	0	58
Total	**$2,058**	**$1,449**	**-$44**	**$1,406**	**$653**

Note: Totals may not add due to rounding

Capital Allocations vs. Capacity

SHOPP allocations totaled $1.449 billion toward 96 projects through the first quarter, representing 70 percent of the $2.058 billion approved capacity. Adjustments totaled a negative $44 million and resulted in $653 million in remaining capacity.

Outlook for Funding & Allocations

Transportation resources continue to be impacted by the state's sluggish economy, lower than expected revenues, and legislative changes. Unfortunately, the SHA experienced the majority of the impact. AB 105 extended the repayment date of a $135 million loan from the SHA to the GF until June 30, 2013. The FY 2010-11 base gasoline excise tax revenues were $94 million lower than forecasted and the tax swap portion of excise tax revenues (17.3 cents per gallon) were $138 million lower than projected. Taking into consideration current commitments from the SHA, the Department still anticipates that the fund will likely reach insolvency levels in FY 2012-13. As mentioned in the September CTC meeting, this shortfall may necessitate another loan to the SHA. If procuring a loan is not a viable option, the SHA funding deficiency could result in a delay in contractor payments and the jeopardizing of federal funds due to inadequate matching state funds.

The Department identified some areas of concern regarding the distribution of weight fee tax revenues. Currently, approximately $72 million in revenues transferred to the SHA, and then transferred to the Transportation Debt Service Fund (TDSF) on a monthly basis. However, monthly revenue reports indicate that the State Controller's Office (SCO) is deducting the full amount from the SHA, but are only backfilling a portion of the amount from the MVFA to the SHA. The Department is working with the SCO to resolve this matter.

Along with the close of the state's first quarter, the federal fiscal year came to an end as well. There is currently no new federal budget; however, the extension of the Federal Transportation Reauthorization Act ends on March 31, 2012. Current funding levels for federal highway and transit programs are expected to remain the same as the prior year. In addition, the President submitted a $447 billion jobs package to Congress in September, which included $60 billion to fund new roads, bridges, and mass transit.

House Transportation and Infrastructure Committee Chairman Representative John Mica proposed a new surface transportation bill that would spend between $230 and $285 billion over the next six years. Funding would be used on roads and bridges, and would be utilized by increasing existing federally funded programs that provide loans and loan guarantees for major transportation projects. Senate

Environment and Public Works Committee Chairwoman Barbara Boxer, however, has also submitted a transportation bill that would spend approximately $109 billion over the next two years. Rather than Rep. Mica's plan to rely on federally funded programs to provide loans and loan guarantees, this bill would consolidate 90 federal highway programs to 30, provide the states with more flexibility in spending highway funding, and expand a pilot program to leverage taxpayer money with private investments.

Recommendations

The Department will continue to closely monitor the fund balance of the SHA and will communicate any changes to the Commission.

STATE TRANSPORTATION IMPROVEMENT PROGRAM (STIP)

State Transportation Improvement Program ($ in millions)					
Fund	Allocation Capacity	Allocations to Date	Adjustments	Net Allocations	Remaining Capacity
SHA	$200	$129	$0	$129	$71
FTF	200	89	-5	84	116
PTA	47	2	0	2	45
Prop 1B STIP	395	34	4	38	357
Total	**$842**	**$254**	**-$1**	**$253**	**$589**

Note: The FTF STIP capacity was identified only for Transportation Enhancement projects; however, previously approved federally funded Right-of-Way costs continue to charge against the FTF. These charges are expected to taper off in the coming years.

Capital Allocations vs. Capacity

Of the $842 million STIP capacity, a net total of $254 million was allocated through the first quarter of FY 2011-12, including adjustments totaling -$1 million in award savings. There were 66 projects allocated through the first quarter, with a total remaining capacity of $589 million. The bulk of the remaining capacity is bond resources. In light of the struggling economy, the STO was able to sell $1.1 billion in bonds in the first quarter; however, the proceeds were used to refund bond earnings used by the STO to refinance debt incurred through prior bond sales, rather than to support current bond projects. However, another general obligation bond sale occurred in October which resulted in $450 million in bond proceeds being allocated to the Department.

Outlook for Funding & Allocations

State Highway Account (SHA). Although there are no immediate concerns regarding STIP funding from the SHA, the Department projects that the fund will continue to have challenges. The repayment date for the outstanding loan of $135 million to the GF was extended to June 30, 2013. Should the SHA continue to experience funding shortfalls, the Department anticipates having to request a loan to stay solvent.

Federal Trust Fund (FTF). There is currently no new federal budget; however, the current extension of the Federal Transportation Reauthorization Act ends on March 31, 2012. The Department anticipates that the funding will be extended again, and in conjunction with the August redistribution process, will continue to fund the Department's federal programs through the end of the federal fiscal year.

Public Transportation Account (PTA). Effective July 1, 2011, sales of all diesel fuel are subject to an additional sales tax of 1.87 percent, which is transferred quarterly to the PTA. However, pursuant to AB 105, approximately 75 percent of sales tax revenues on diesel fuel are now redirected to State Transit Assistance (STA). As a result, PTA only retains about 25 percent of the total revenues. Based on current revenue projections, we anticipate the PTA being unable to support any allocation capacity in future years. Lastly, the passage of AB 115 postponed the repayment of a $29 million loan from the GF until June 30, 2021.

Transportation Facilities Account (TFA). There was one general obligation bond sale in the first quarter of FY 2011-12 that resulted in $1.1 billion. However, rather than creating more funding for projects funded by Propositions, it was used by the STO to refund bond proceeds to refinance debt incurred through prior bond sales for Propositions 108, 116, and 192. Another general obligation bond sale occurred in October, which allocated $450 million in bond proceeds to the Department.

Transportation Investment Fund (TIF). The Department projects TIF resources will be sufficient to fund its obligations through FY 2011-12. Any remaining TIF obligations which cannot be funded with resources in that fund will become SHA obligations.

Recommendations

The Department will monitor potential impacts, and if necessary, recommend a change to the FY 2011-12 capacity. No additional capacity has been identified in the first quarter from the SHA cash forecast.

TRAFFIC CONGESTION RELIEF PROGRAM (TCRP)

Traffic Congestion Relief Program ($ in millions)					
Fund	**Allocation Capacity**	**Allocations to Date**	**Adjustments**	**Net Allocations**	**Remaining Capacity**
TCRF	$84	$50	$0	$50	$34
Total	**$84**	**$50**	**$0**	**$50**	**$34**

Note: Totals may not add due to rounding

Capital Allocations vs. Capacity

There was approximately $50 million allocated from the TCRP during the first quarter, which represents roughly 60% of the allocation capacity.

Outlook for Funding & Allocations

Approximately $814 million in loan repayments are still outstanding from the GF (See Appendix D). TCRP receives $83 million per year for repayment of $332 million in outstanding Proposition 42 loans. The FY 2011-12 Governor's Budget has indicated that Tribal Gaming repayments (Pre-Proposition 42) would start no earlier than FY 2016-17; however, the Pre-Proposition 42 loans have no statutory repayment schedule.

Recommendations

The Department will continue to monitor for potential impacts, and if necessary, recommend changes.

PROPOSITION 1A & 1B BONDS

Proposition 1B Bonds ($ in millions)			
Fund	**Allocation Capacity**	**Allocations to Date**	**Remaining Capacity**
Proposition 1A	$51	$23	$28
CMIA	1,697	$643	1,055
TCIF	1,391	91	1,300
Intercity Rail	240	0	240
State-Local Partnership	200	20	180
Local Bridge Seismic	19	0	19
Grade Separations	214	10	204
Traffic Light Synch.	110	0	110
Route 99	574	1	573
Total	**$4,497**	**$788**	**$3,709**

Capital Allocations vs. Capacity

There were two bond funding events to note during the first quarter of FY 2011-12. First, $224 million of existing, unexpended Proposition 1B bond proceeds were redirected to provide funding totaling $214 million for 138 Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) local transit projects, and $10 million for the Metrolink positive train control project in Los Angeles County. The redirection was possible because it was determined that there was sufficient cash on-hand to fund those projects without adversely affecting the progress of existing projects. Second, the STO conducted a general obligation bond sale in September 2011 that resulted in $1.1 billion in refunding bond proceeds being used by the STO to refinance debt incurred through prior bond sales for Propositions 108, 116, and 192. Although this did not result in any new funding for Proposition 108, 116, and 192 projects, the refinancing is expected to save the state significant General Fund debt service costs relative to those prior bond issuances.

Outlook for Funding & Allocations

The STO conducted a second general obligation bond sale in October 2011, which resulted in $450 million in funding. The STO plans to use some of the bond proceeds to remarket and refund the LACMTA and SANBAG private placement bond debt. It is unknown how much, or if any, new bond proceeds may be made available for transportation projects.

Recommendations

The priority for the use of bond proceeds has been to fund ongoing projects before funding any new allocations. Due to the success of the September and October bond sales, the Department plans to recommend allocation of all bond projects as they come forward for vote through June 2012.

APPENDICES

APPENDIX A – ALLOCATION CAPACITY AND ASSUMPTIONS

2011-12 Allocation Capacity By Fund and Program ($ in millions)					
Fund	**SHOPP**	**STIP**	**TCRP**	**Other Bonds**	**Total**
SHA	$180	$200	$0	$0	$380
FTF	1,820	200	0	0	2,020
PTA	0	47	0	0	47
TCRF	0	0	84	0	84
Prop 1A Bonds*	*0*	*0*	*0*	*51*	*51*
Prop 1B Bonds*	*58*	*395*	*0*	*4,446*	*4,898*
Total Capacity	**$2,058**	**$842**	**$84**	**$4,497**	**$7,480**

* Bond capacity represents total budget authority and is subject to sales in FY 2011-12.

The FY 2011-12 allocation capacity of $7.480 billion includes Proposition 1A and Proposition 1B capacity.

This allocation capacity is based on:

- For SHOPP, FY 2011-12 Budget Act revenue and expenditure estimates, and 2012 STIP Fund Estimate federal receipts.
- The PTA allocation capacity of $47 million is based on a lowered prudent cash balance ($25 million) and includes unused rolled over capacity from FY 2010-11.
- The annual TCRF allocation capacity is based on a dollar-for-dollar ratio of actual revenues received for current year expenditures. The allocation capacity and specific project funding was established by the Commission, in consultation with the Department and local agencies.
- SHOPP and STIP bond capacity is based on the remaining bond authority, budget authority, and any administrative costs. Other Proposition 1B bond capacity is based on budget authority for those funds and is dependent on the sale of sufficient bonds for funding.
- Proposed Proposition 1A capacity is based on the enacted budget and includes FY 2010-11 savings.

APPENDIX B – FORECAST METHODOLOGY

Methodology and Assumptions

The cash forecasts for the SHA, PTA, TCRF, TIF and Transportation Deferred Investment Fund (TDIF) are used by the Department to estimate and monitor the cash balance of transportation funds to determine the level of allocations that can be supported, and to prepare for low or high cash periods. Variances are identified and reported to management and the Commission. If necessary, adjustments are made to capital allocation levels, funding policy, or forecast methodology. The FY 2011-12 cash forecasts and allocation capacities are based on the following assumptions:

- Expenditures for state operations and capital outlay support are based on the FY 2011-12 Budget Act.

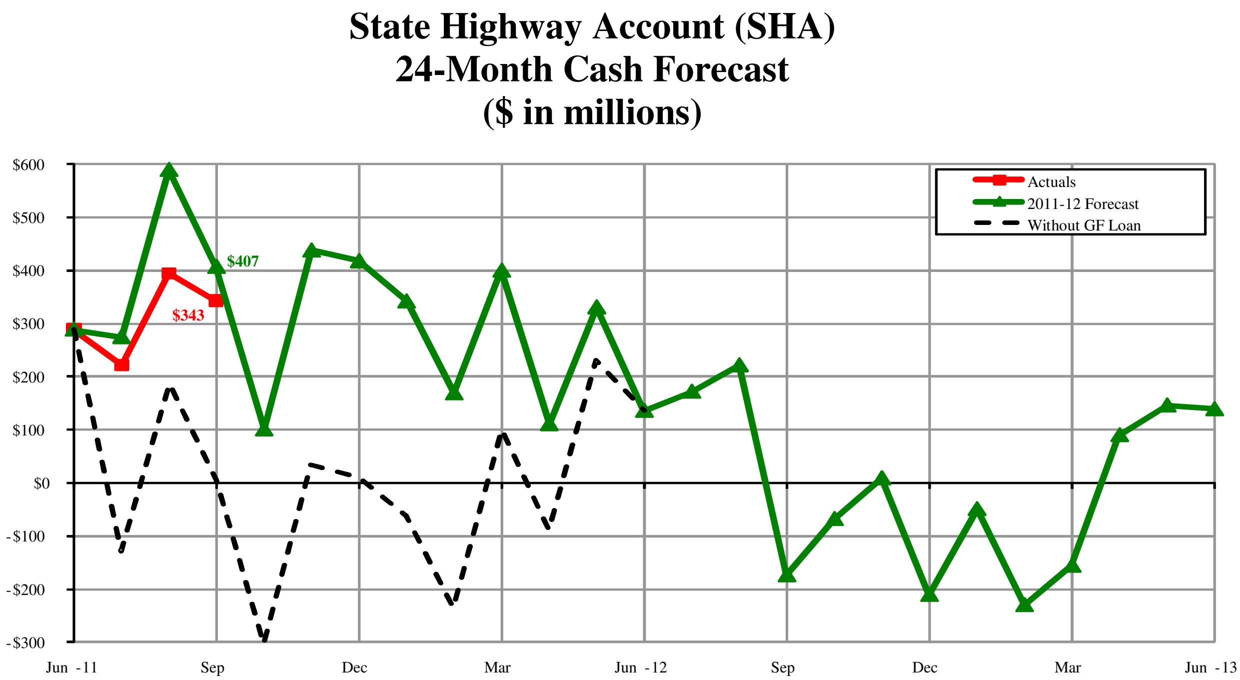
- Capital outlay and local assistance expenditures are based on actual and projected Commission allocations using historical and seasonal construction patterns.

- Monthly adjustments are not forecasted, since they comprise timing differences between the Department's accounting system and the SCO. These adjustments include short-term loans made to the GF, short-term loan repayments, Plans of Financial Adjustments, funds transferred in and out, and reimbursements.

- A $135 million loan from the SHA to the GF authorized in the FY 2009-10 Budget was included in the FY 2010-11 SHA forecast. Also included, is the assumption that the repayment of the $200 million loan from the SHA to the GF in the FY 2008-09, and the subsequent intra-fund loan from the TCRF to the SHA for $200 million will both be delayed until June 2012.

- Federal receipts of approximately $3.0 billion are based on the 2010 STIP Fund Estimate.

APPENDIX B – STATE HIGHWAY ACCOUNT



Year-to-Date SHA Summary

Based on the available data, the SHA ended the first quarter with a cash balance of $343 million, $65 million (16 percent) below forecast. Revenue and transfers for the quarter totaled $947 million, $195 million (17 percent) below forecast. Expenditures for the quarter totaled $1.2 billion, $150 million (15 percent) above forecast. Adjustments, which represent timing differences between the Department's accounting system and the SCO's accounting system, totaled a positive $280 million.

The forecast includes a $404 million loan from the GF with repayment scheduled to begin March 2012 in increments of $101 million per month. Despite the current year repayment plan, projections show that the SHA will require a second loan in FY 2012-13 to stay solvent. A significant reduction in September 2012 is projected to occur due to a combination of a delayed HUTA payment to the SHA, and an expenditure associated with the Department's annual payment to the Toll Bridge Seismic Retrofit and Replacement Projects. The revenues, transfers, expenditures and adjustments are estimates. Actuals for August and September were not available due to year-end closing.

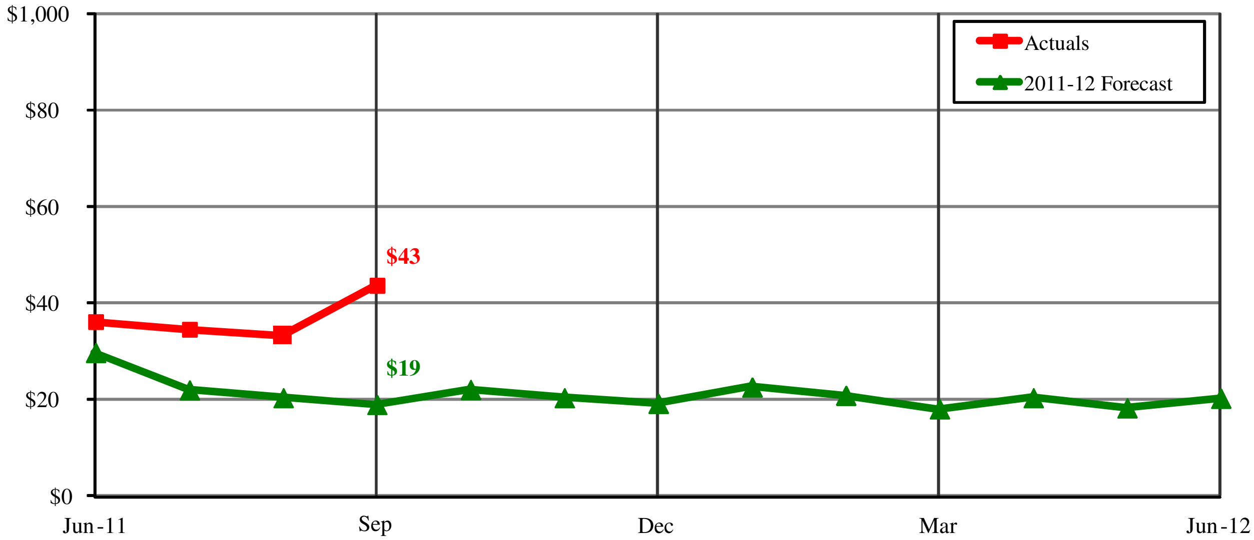
Year-to-Date Reconciliation

($ in millions)	Forecast	Actual	Difference	%
Beginning Cash Balance	**$289**	**$289**	**N/A**	
Revenues	1,160	1,170	11	
Transfers	-18	-223	-205	
Expenditures	-1,023	-1,174	-150	
Adjustments	0	280	280	
Ending Cash Balance	**$407**	**$343**	**-$65**	**-16%**

Note: Ending cash balance may differ due to rounding.

APPENDIX B – PUBLIC TRANSPORTATION ACCOUNT

Public Transportation Account (PTA)
12-Month Cash Forecast
($ in millions)



Year-to-Date PTA Summary

The PTA ending cash balance for the first quarter was $437 million, $247 million (130 percent) above forecast. Expenditures were $56 million, 24 million (30 percent) lower than forecast. The higher cash balance is due to an early receipt of first quarter diesel sales tax revenues and lower than forecast expenditures. In addition, as of September 30, 2011 the State Transit Assistance payment of $83 million did not occur. Adjustments were a positive $8 million for the quarter.

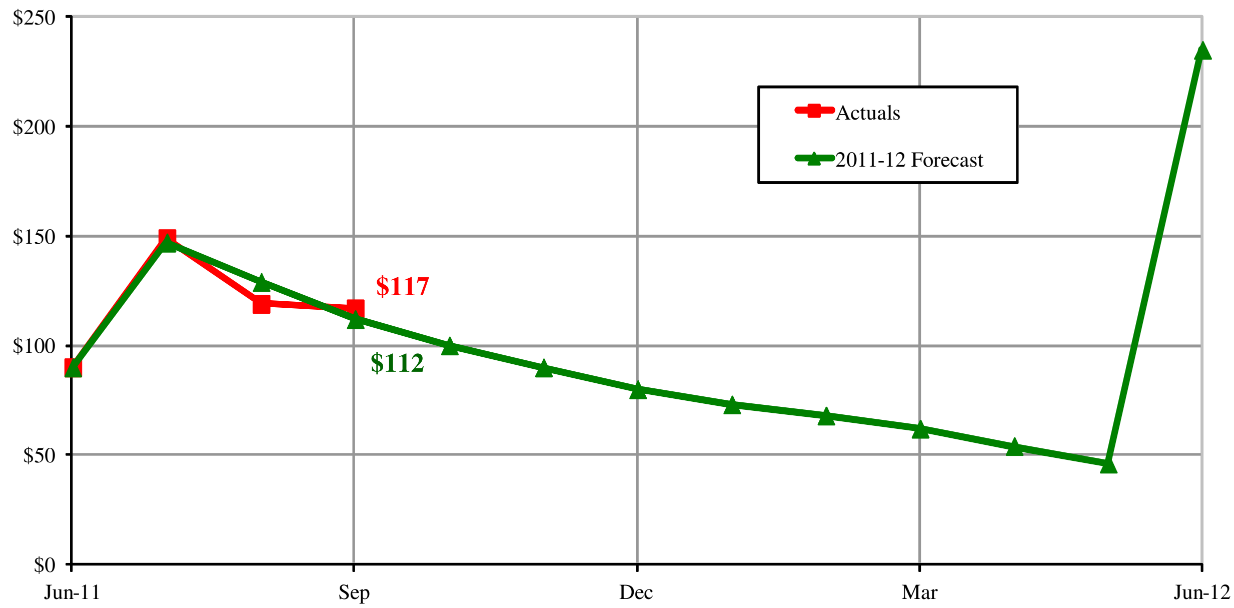
Year-to-Date Reconciliation

($ in millions)	Forecast	Actual	Difference	%
Beginning Cash Balance	**$362**	**$362**	**N/A**	
Revenues	0	123	123	
Transfers	0	0	0	
Expenditures	-80	-56	24	
Adjustments	-92	8	100	
Ending Cash Balance	**$190**	**$437**	**$247**	**130%**

Note: Ending cash balance may differ due to rounding.

APPENDIX B – TRAFFIC CONGESTION RELIEF FUND

Traffic Congestion Relief Fund (TCRF)
12-Month Cash Forecast
($ in millions)



Year-to-Date TCRF Summary

The TCRF ending cash balance for the first quarter was $117 million, $5 million (4 percent) above the forecasted amount of $112 million. Fund transfers totaled $83 million, which were primarily attributed to a single FY 2011-12 suspended Proposition 42 transfer from the TDIF. Expenditures totaled $136 million, $75 million (123 percent) above forecast. This difference was attributed to the processing of accrued expenditures from the previous year, which were applied to the TCRF in August 2011. Adjustments were a positive $79 million for the quarter. The FY 2011-12 year-end forecast includes the $200 million repayment from the SHA, which was borrowed in FY 2008-09 to back-fill a GF fund loan from the SHA. Payment is scheduled for June 2012.

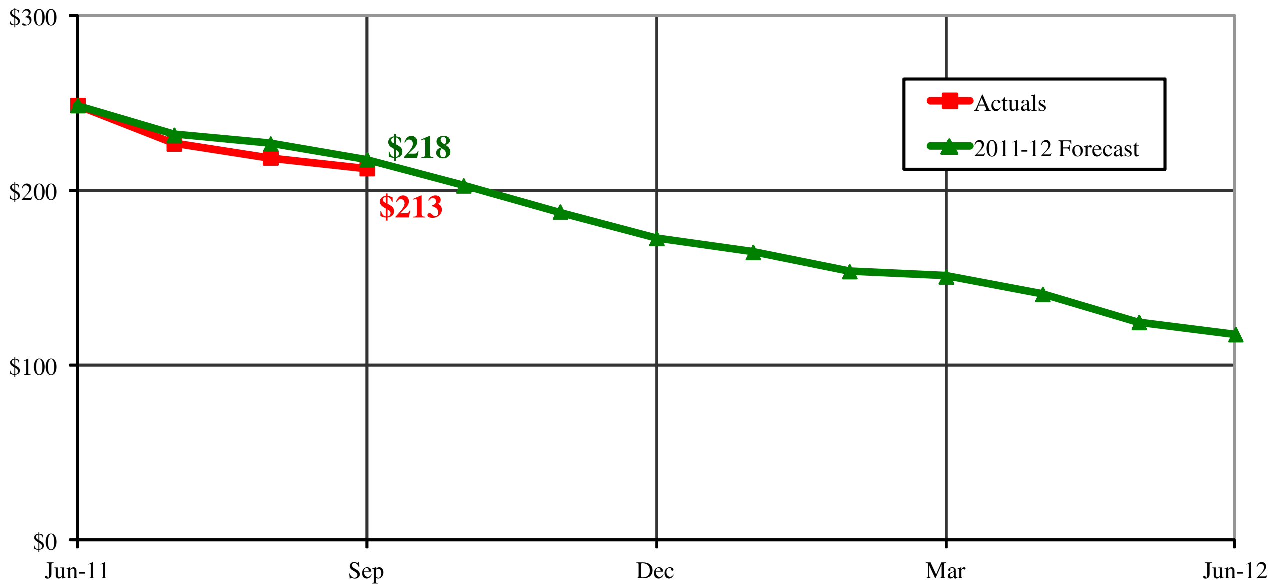
Year-to-Date Reconciliation

($ in millions)	Forecast	Actual	Difference	%
Beginning Cash Balance	**$90**	**$90**	**N/A**	
Revenues	0	0	0	
Transfers	83	83	0	
Expenditures	-61	-136	-75	
Adjustments	0	79	79	
Ending Cash Balance	**$112**	**$117**	**$5**	**4%**

Note: Ending cash balance may differ due to rounding.

APPENDIX B – TRANSPORTATION INVESTMENT FUND

**Transportation Investment Fund (TIF)
12-Month Cash Forecast
($ in millions)**



Year-to-Date TIF Summary

The TIF ending cash balance for the first quarter was $213 million, $5 million (2 percent) below the forecasted amount of $218 million. The TIF is no longer receiving revenue due to ABX8 6 and ABX8 9, collectively known as the Fuel Tax Swap. There were no transfers made in the first quarter. Expenditures totaled $44 million, $12 million (38 percent) above forecast. Adjustments were a positive $7 million for the quarter.

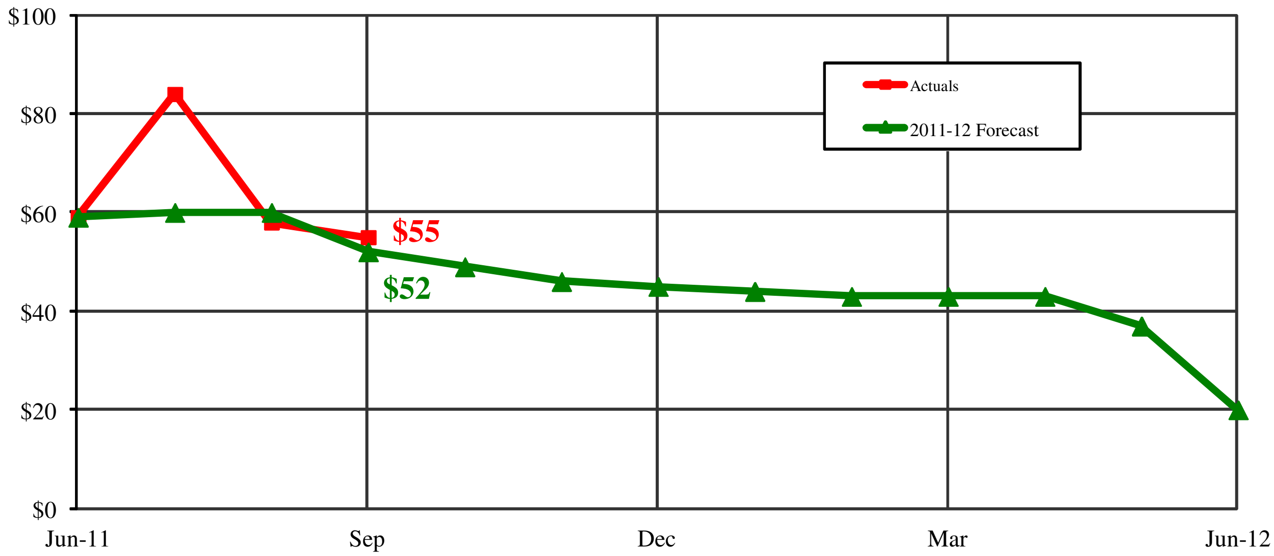
Year-to-Date Reconciliation

($ in millions)	Forecast	Actual	Difference	%
Beginning Cash Balance	**$250**	**$250**	**N/A**	
Revenues	0	0	0	
Transfers	0	0	0	
Expenditures	-32	-44	-12	
Adjustments	0	7	7	
Ending Cash Balance	**$218**	**$213**	**-$5**	**-2%**

Note: Ending cash balance may differ due to rounding.

APPENDIX B – TRANSPORTATION DEFERRED INVESTMENT FUND

Transportation Deferred Investment Fund (TDIF)
12-Month Cash Forecast
($ in millions)



Year-to-Date TDIF Summary

The TDIF ending cash balance for the first quarter was $55 million, $3 million (6 percent) above the forecasted amount of $52 million. One transfer occurred totaling $83 million, which was attributed to the FY 2011-12 suspended Proposition 42 transfer to the TCRF on July 5, 2011. Net adjustments were a negative $4 million for the quarter. This included a $25 million adjustment in July to pay for prior year expenditures. There were no expenditures reported for the quarter. Also, there will be no future allocations from the TDIF.

Year-to-Date Reconciliation

($ in millions)	Forecast	Actual	Difference	%
Beginning Cash Balance	**$59**	**$59**	**N/A**	
Revenues	83	83	0	
Transfers	-83	-83	0	
Expenditures	-7	0	7	
Adjustments	0	-4	-4	
Ending Cash Balance	**$52**	**$55**	**$3**	**6%**

Note: Ending cash balance may differ due to rounding.

APPENDIX C – FEDERAL EMERGENCY PROJECTS

There have been no new disaster declarations for the quarter ending September 30, 2011, nor has the Department received any new Emergency Relief allocations from the Federal Highway Administration (FHWA). The chart below represents disasters that have not been completely funded by FHWA.

Disaster Repair Costs Approved Federal Funding and State/Local Impact ($ millions)			
	Identified Cost of Disaster Repair		
Disaster	**State**	**Local**	**Total**
Dec. 2004 Storm CA05-1	212	102	314
Dec. 2005 Storm CA06-1	328	57	385
So. California Wildfires CA08-3	26	8	34
California Wildfires CA08-6	9	0	9
So. California Wildfires CA09-1	9	0	9
So. California Wildfires CA09-2	12	7	19
Jan. 2010 Storm CA10-1	72	4	76
Humboldt Co. Earthquake CA10-2	1	2	3
Imperial Co. Earthquake CA10-3	1	7	8
Dec. 2010 Storm CA11-1	56	52	108
Modoc Co. Storm damage CA11-2	0	1	1
Mar. 2011 Storm CA11-3	308	15	323
Total Damage Estimate	**$1,034**	**$255**	**$1,289**
Amount Obligated To Date			**$736**
Allocation Available for Future Project Costs			**$11**
Remaining Need			**$542**

Future federal emergency relief of this type can only be used to fund emergency projects and does not represent new capacity, except to the extent that the SHA funds have already been advanced for emergency projects.

APPENDIX D – TRANSPORTATION LOANS

Status of Outstanding Transportation Loans, as of September 30, 2011 ($ in millions)			
FUND	**Original Loan**	**Loans / Interest Paid-to-Date**	**Remaining Balance**
Pre-Proposition 42 (Tribal Gaming Revenue):			
State Highway Account (SHA)	$473	$341	$132
Public Transportation Account (PTA)	275	10	265
Traffic Congestion Relief Fund (TCRF)	482	0	482
Subtotal Pre-Proposition 42 Tribal Gaming Loans:	**$1,230**	**$351**	**$879**
Proposition 42:			
Public Transportation Account (PTA)	$220	$218	$2
Transportation Investment Fund (TIF)	440	440	0
Transportation Congestion Relief Fund (TCRF)[1]	1,066	733	332
Locals	440	440	0
Subtotal Proposition 42 Loans:	**$2,167**	**$1,832**	**$334**
General Fund Loan:			
State Highway Account (SHA)[2]	$335	$0	$335
State Highway Account - Weight Fee Revenues[2]	$576	$0	$576
Public Transportation Account[3]	$29	$0	$29
Other transportation accounts	31	0	31
Subtotal General Fund Loan:	**$971**	**$0**	**$971**
Totals:	**$4,367**	**$2,183**	**$2,184**

Pre-Proposition 42 Loans (Tribal Gaming)

The Pre-Proposition 42 loans occurred in FY 2001-02, when the state was faced with a growing budget deficit and looked to transportation funds to help fill the budget shortfall. The Transportation Refinancing Plan, AB 438 (Chapter 113, Statutes of 2001), authorized a series of loans that included delaying the transfers of gasoline sales tax to transportation for two years (until FY 2003-04), a TCRF loan to the GF, and loans from the SHA and PTA to the TCRF.

In FY 2004-05, the Governor negotiated tribal gaming compacts to repay these loans through bonds, but legal challenges have prevented the bonds from being issued. In FY 2005-06, the Director of Finance began using the compact revenues to make annual payments towards these loan balances pursuant to Section 63048.65 of the Government Code. However, the FY 2011-12 Governor's Budget has indicated that Tribal Gaming repayments would restart no earlier than FY 2016-17 with the SHA as the first fund to be repaid. Passage of AB 115 of 2011 declared that the SHA repayments are revenues derived from weight fees. Upon repayment of the loan to the SHA, the Controller will transfer the funds to the TDSF.

Proposition 42 Loans

In March 2002, Proposition 42 made the transfer of gasoline sales tax to transportation permanent. However, as state budget shortfalls continued, Proposition 42 transfers were partially suspended in FY 2003-04 and completely suspended in FY 2004-05, creating the Proposition 42 loan balances. These loans were partially repaid in FY 2006-07 with a payment of $1.415 billion, leaving approximately $752 million due to the TCRF. Outstanding Proposition 42 loans, as of July 1, 2007, shall be repaid in annual installments not less than one-tenth of the total amount required to be transferred by June 30, 2016. With the reenactment of the fuel tax swap in March 2011 (AB 105), which eliminated the state portion of sales tax on gasoline, there are no current Proposition 42 transfers.

General Fund Loans

The Budget Act of 2008 authorized $230.7 million in loans to the GF from the SHA, the Bicycle Transportation Account, the Local Airport Loan Account, the Motor Vehicle Fuel Account, the Environmental Enhancement and Mitigation Program, the Historic Property Maintenance Fund, and the Pedestrian Safety Account. These funds were transferred to the GF on November 14, 2008. The authorized $230.7 million in loans were scheduled to be repaid by June 30, 2011, but the Budget Act of 2010 delayed the repayments by one year. These loans are now required to be repaid, with interest calculated at the rate earned by the Pooled Money Investment Account (PMIA), by June 30, 2012. Repayments will be made to ensure that the programs supported by the SHA are not adversely affected by the loan.

A $135 million loan from the SHA to the GF was authorized in the FY 2009-10 Budget. The loan to the GF occurred on June 30, 2010. This loan is required to be repaid, with interest calculated at the rate earned by the PMIA, by June 30, 2013.

The FY 2010-11 Budget authorized a $227 million loan from the SHA to the GF, and a $29 million loan from the PTA to the GF. Per Government Code Section 16965.1 loans from the SHA are from weight fee revenues in the SHA fund balance. In addition, a loan of $349 million was transferred to the GF from vehicle weight fees. These loans are required to be repaid, with interest calculated at the rate earned by the PMIA, by June 30, 2021.

Assembly Bill 115 of 2011, which was signed into legislation as the trailer bill to the Budget Act of 2011, extends the use of weight fee revenues and other revenues deposited in the TDSF to pay for transportation debt service through next year. AB 115 authorized the postponement for repayment of $576 million in loans from the GF to transportation funds until June 30, 2021. Upon repayment of the $576 million in loans, the Controller will immediately transfer these funds to the TDSF. In addition, the SHA currently owes the GF $404 million from a payment for the TDSF. Repayment for the $404 million will begin in March 2012, and will be paid in four installments. The Department anticipates that the balance will be fully repaid by the end of June 2012.

Interfund Transportation Loans

Fiscal Year Borrowed	From Account	To Account	Description	Amount	Repaid	Remaining Balance
2008-09	TCRF	SHA	Backfill SHA transfer to the GF	$200	$0	$200
2009-10	PTA	SHA	Backfill SHA transfer to the GF	135	0	135
			Totals	**$335**	**$0**	**$335**

A loan of $200 million was transferred in FY 2008-09 to the SHA from the TCRF to backfill the $200 million loan to the GF. A loan of $135 million was transferred in FY 2009-10 to the SHA from the PTA to backfill the $135 million loan to the GF. To date, these loans have not been repaid.