Tab 13

Budget and Allocation Capacity Update
Presented to the
California Transportation Commission

Division of Budgets

August 10, 2011

2011-12 Allocation Capacity

2011-12 Draft 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*	*285*	***285***
Prop 1B Bonds*	*48*	*395*	*0*	*4,447*	***4,890***
Total Capacity	**$2,048**	**$842**	**$84**	**$4,732**	**$7,706**

- Bond capacity subject to sale of bonds
- PTA includes rollover capacity from fiscal year 2010-11
- Federal authorization levels are as yet unknown

Caltrans
CALIFORNIA DEPARTMENT OF TRANSPORTATION

STIP Allocation Capacity

2011-12 STIP Allocation Capacity
With Reserve for Right-of-Way PPM and TE Projects

	State	Federal	PTA	Bond	Total
STIP Capacity	**$ 200**	**$ 200**	**$ 47**	**$ 395**	**$ 842**
Planning, Programming and Monitoring	28	0	0	0	28
Transportation Enhancement	1	60	0	0	61
Right-of-Way Lump Sum	101	27	0	0	128
Balance	**$ 70**	**$ 113**	**$ 47**	**$ 395**	**$ 625**

Dollars are in millions

- Historically PPM and TE are high priority allocations
- Right-of-Way Lump Sum has been allocated by the Commission
- Bond Capacity is contingent upon bond sales
- State Highway Account (SHA) capacity is inflexible

2010-11 SHA Revenue Projections

- 2010-11 revenue receipts fell short of projections by approximately $214 million
  - Weight fees collected were $18 million above Department of Finance projections
  - Base excise collections (18 cents per gallon) were $94 million under projection
  - STIP excise (17.3 cents per gallon) were under projection by $138 million
- State Highway Account subject to liquidity issues necessitating a General Fund loan

2010-11 Loans and Debt Service

- Loans and debt service total $1.5 billion
  - $227 million in General Fund loans from the SHA
  - $544 million in debt service from the MVFA
  - $736 million in General Fund loans from the MVFA
- The combination of higher than expected loan amounts and lower than expected revenues has resulted in insolvency in the State Highway Account
- A General Fund loan in the amount of $400 million has preserved the positive cash balance of the State Highway Account as we enter the 2011-12 fiscal year

Federal Reauthorization

- Federal funding has been extended five times since it expired in September 2009.
  - The House of Representatives proposed bill would reduce funding 34 percent from current levels
  - The Senate proposes a two-year extension of current funding levels with increases for inflation
  - Both proposals include program consolidation, performance measures and $1 billion per year in TIFIA loans

Federal Excise Tax Expiration

- On September 30, 2011, federal excise taxes expire
  - 14.1 cents of 18.4 cents gasoline excise tax expires
  - 20.1 cents of 24.4 cents diesel excise tax expires
  - The remaining 4.3 cents, originally collected for deficit reduction, has no expiration date
- State statute allows for increased collections of fuel excise to backfill expiring federal taxes if federal financial allocations are reduced or eliminated
  - Allows for a 4.7 cent increase on gasoline excise tax
  - Allows for a 20.1 cent increase on diesel excise tax

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: August 10, 2011

Reference No.: 4.8
Information

From: BIMLA G. RHINEHART
Executive Director

Subject: **Budget and Allocation Capacity Update**

ISSUE:

The Commission faces two challenges in making State Transportation Improvement Program (STIP) allocations in 2011-12:

1. Overall allocation capacity is short by approximately $100 million.
2. There are fund type mismatches that are exacerbated by the low State Highway Account cash balance and low Public Transportation Account allocation capacity

Caltrans estimated the 2011-12 STIP allocation capacity to be $842 million. Staff has estimated the projected allocation demand in 2011-12 to be $940 million (including projects delivered in 2010-11 that could not be allocated due to lack of funding and projects with allocation extensions expiring in 2011-12). Therefore, approximately $100 million of STIP projects programmed for 2011-12 may not be able to be allocated this fiscal year.

In addition to the overall shortfall, allocation capacity is split among different fund types (the State Highway Account, the Public Transportation Account, Federal Funds, and the Transportation Facilities Account from Proposition 1B). Each of these account have differing restrictions on the type of projects that can be funded from the account. Additionally, each project also has restrictions on the type of funds that can be allocated to that project. This issue is compounded by the low State Highway Account cash balance and the low Public Transportation Account allocation capacity.

Therefore, staff plans to recommend STIP allocations based on the following priorities:

- State-only requests:
  - Planning, Programming and Monitoring,
  - Required state match for federalized projects (assuming toll credits are fully utilized), and
  - Projects less than $1 million unless federalized.
- Highway/Local Road and Transit construction allocations: allocations greater than $15 million or allocations for projects with other Proposition 1B construction funding will be funded with Transportation Facilities Account, unless the projects are federalized and sufficient federal funds are available.

- Large requests for state-only funds for pre-construction components may be deferred (placed on delivered list) and will be considered for allocation at the end of the year should sufficient state funds remain.

The Willits Bypass project, which is programmed for $164 million, was programmed in 2010-11 and received a 20 month allocation extension to February 2012. This project continues to have significant issues impacting delivery. Should this project lapse, remaining allocation needs can be met with available funds (assuming project needs match remaining fund types). If this project is delivered before the extension expires, staff may recommend the allocation be deferred in order to allow allocations to projects that were delivered without the needed for an extension.

Staff will evaluate exceptions to these priorities on an individual basis, and will adjust recommendations should new information become available.

BACKGROUND:

In recent years, due to unstable funding, the Commission has frequently found it necessary to adopt allocation priorities to meter the allocation of limited resources. In the case of 2011-12, one project with an allocation extension skews the picture. It's possible that overall, sufficient funds will be available for the programmed projects; however, there may not be enough on any one type of fund (such as PTA) to allocate to projects that aren't eligible for other funds.