

ITEMS TO BE HEARD

ITEM 2660 CALTRANS MAY REVISION PROPOSALS

ISSUE 1: MAY REVISION – CAPITAL OUTLAY SUPPORT

The May Revision includes updated funding levels for Capital Outlay Support. In total, the May Revision requests a decrease of \$26.1 million and a total of 247 state staff positions and 22 contract positions. The reduction is split 89 percent state staff and 11 percent contract staff.

The reduction is due to reduced workload projections based on decreased collection of gas tax revenues.

COMMENTS:

The long-term split between state staff and contract staff is 90 percent for state staff and 10 percent contract staff. In the current year, the split is 89-11 and under the Governor's May Revision, the split is 89-11.

The Subcommittee should consider adjusting the split of the reduction to get back to the long-term 90-10 split. This action would reduce the state staff reduction from 247 positions to 142 and increase the contract staff reduction from 22 to 127.

Making this adjustment should result in total savings of about \$10 million. This is due to the fact that contract positions are budgeted at about \$217,000 and state staff positions are budgeted at about \$121,000 (including benefits and standard operation expenses and equipment). The Subcommittee should also consider directing the Administration to make this change in a way that benefits the State Highway Account and federal funds to mitigate the need to make the SHOPP cuts proposed in the May Revision (next issue).