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| **Thursday, January 10, 2013130110-1****In this Issue:****California Governor Jerry Brown Issues Fiscal Year 2013-14 Budget Proposal** |

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| **California Governor Jerry Brown Issues Fiscal Year 2013-14 Budget Proposal**Governor Brown has just released his FY 2013-14 State Budget proposal. The budget proposal incorporates the revenue from Proposition 30 which will help to reduce the State Budget deficit. Transportation funding remains largely similar to last year's budget proposal which is relatively good news given the historical use of transportation funds to resolve past deficits. The budget does continue to rely on certain transportation revenues to pay the debt service on transportation bonds. Below is a summary of the key provisions of the transportation budget.  Transportation* The Transportation Agency, established as part of the Governor’s 2012 Reorganization Plan, which consists of the following six state entities (Caltrans, California Transportation Commission, High-Speed Rail Authority, Department of Motor Vehicles, California Highway Patrol, and Board of Pilot Commissioners) responsible for administering programs that support the state’s transportation system, becomes operational on July 1, 2013.
* The Governor makes a reference to California Transportation Commission’s “2011 Statewide Transportation Needs Assessment” which identifies $538.1 billion in total infrastructure needs, including $172.3 billion in highway and intercity rail needs over the next decade. This needs assessment also identified that only $242 billion is available to address those needs.  Of note 65% of available resources are provided by local revenues.
* Approximately $30 billion of general obligation bonds for transportation purposes, including $19.9 billion for Proposition 1B, the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, and $9.9 billion for Proposition 1A, the Safe, Reliable High Speed Passenger Train Bond Act for the 21st Century have been approved by the voters.  Transportation revenues are used to offset the General Fund obligation to pay the debt service on those bonds and these costs are expected to grow. Approximately 13% of annual state transportation revenues be dedicated to offsetting General Fund debt service costs. The transportation debt service costs will continue to grow and will soon exceed the amount of revenue available from transportation sources placing the burden back on the General Fund.
* Beginning in the spring of 2013, the Agency will convene a workgroup consisting of state and local transportation stakeholders to refine the transportation infrastructure needs assessment, explore long term, pay as you go funding options, and evaluate the most appropriate level of government to deliver high priority investments to meet the state’s infrastructure needs.
* The State Transit Assistance program for FY 13-14 is projected at $391 million, $414 million for FY 12-13.
* The Intercity Rail program is projected at $130 million.
* The Administration is required to develop an expenditure plan for Cap and Trade revenues early this year. The Governor's Budget Proposal identifies that funding mass transit should be a priority of the Cap and Trade program.
* The Governor's budget also continues its commitment to High Speed Rail through the investment of revenues approved by the Legislature in last year's session.

The Governor's Budget Summary can be accessed [here](http://www.dof.ca.gov/documents/FullBudgetSummary_web2013.pdf): <http://www.dof.ca.gov/documents/FullBudgetSummary_web2013.pdf>.  |
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