

**Senator Laura Richardson, Chair**  
**Senator Maria Elena Durazo**  
**Senator Kelly Seyarto**



**Wednesday, May 20, 2026**  
**1:30 p.m.**  
**State Capitol, Room 112**

**Part C - Transportation**

Consultant: Eunice Roh

**AGENDA**

***Overview of the May Revision (2026)***

**I. Presentations by:**

Department of Finance

- James Moore, Principal Program Budget Analyst
- Matthew Macedo, Principal Program Budget Analyst

Legislative Analyst's Office

- Rachel Ehlers, Deputy Legislative Analyst

**II. Public Comment**

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## DISCUSSION

**Governor’s Proposal.** The May Revision includes the following proposals in transportation:

### 2660 DEPARTMENT OF TRANSPORTATION

**Clean California.** The May Revision includes a one-time increase of \$40 million General Fund in 2026-27 for litter abatement activities through the Clean California program. Specifically, this \$40 million will be directed to the Special Program People (SPP) program at Caltrans, which contracts with local non-profits to provide work opportunities to at-risk populations and reduce litter on the State Highway System (SHS).

#### LAO Comments:

**Reject.** Proposes \$40 million one-time General Fund to support nonprofits that will temporarily hire targeted populations—such as formerly incarcerated individuals—to conduct litter abatement on the state highway system. In the context of constrained General Fund resources, we recommend that the Legislature reject this proposal, as it does not meet the high bar of addressing an immediate state need. Furthermore, prior General Fund support for Clean California—totaling \$1.2 billion—has already resulted in significant progress in addressing litter on the state highway system.

**Homeless Encampment Coordinators.** The May revision includes a one-time increase of \$6.2 million General Fund in 2026-27 and 2027-28 for 36 positions and operating expenses to sustain efforts addressing homelessness and encampments on the state highway right-of-way. These positions were first established in 2020-21 and renewed in 2023-24. These encampment coordinators work directly with field staff to locate, prioritize, and address encampments while fostering partnerships that reduce harm to individuals and disruptions to critical services. 25 positions are spread throughout the state and work with local government and social service providers. 11 positions are at headquarters to provide statewide policy direction, training, and partnership development. Current positions will expire on June 30, 2026. Since establishing the encampment coordinator program, Caltrans has nearly tripled removals from 2021-22 to 2023-24, addressing nearly 8,000 encampments annually.

#### LAO Comments:

**Withhold Approval Pending Outcome Data, and Explore Alternative Fund Source.** Proposes \$6.3 million General Fund in both 2026-27 and 2027-28 to continue and expand the existing encampment coordinator team. However, the department has yet to provide the Legislature with an outcome report on prior limited-term augmentations for this activity, which was due in January. We recommend the Legislature withhold approval of this proposal until the report is provided. Furthermore, if these activities are now a regular function of maintaining and operating the state highway system, a rationale could exist for using state transportation funds instead of the General Fund. The Legislature may wish to consult Legislative Counsel to confirm whether this would be an allowable use under the State Constitution.

**Generative Artificial Intelligence (GenAI) for Safer and Smarter Roads.** The May Revision includes a one-time increase of \$16.4 million from the State Highway Account in 2026-27 for GenAI solutions to enhance safety for vulnerable roadway users and to gain traffic mobility insights on the State Highway System. Previously, Caltrans had funded proof of concept and implementation contracts for the use of GenAI for these purposes, redirecting existing internal resources. To continue this effort, Caltrans requests funding for seven positions, consulting services, and California Department of Technology and IT support.

**Games Route Network Trailer Bill.** The May Revision includes a trailer bill proposal to establish and administer an automated enforcement program to deter the unauthorized use of the Games Route Network on the State Highway System. The proposal specifies that unauthorized use of the Games Route Network captured by an automated enforcement system result in a civil penalty of \$293, with a mechanism to issue a lesser fine to an individual with limited financial means. The Games Route Network is a planned network of dedicated lanes to transport athletes, coaches, and Games stakeholders across the dozens of Olympic venues through the greater Los Angeles region. The proposal authorizes Caltrans to enter into an agreement with a local authority or regional transportation agency to administer the program and allocates fine revenue to pay for the state's costs associated with the administration of the automated enforcement program and the Games Route Network. The proposal further requires that prior to the issuance of fines, there must be an extensive public awareness campaign about the automated enforcement of the Games Route Network to prepare drivers in the region.

**LAO Comments:**

***Consider Modifications, As Applicable, To Ensure Spending Aligns with State Priorities. Seek Additional Information on Overall Project.*** The proposal includes significant policy choices around establishing an automated enforcement system for the Games Route Network related to the 2028 Los Angeles Olympic and Paralympic Games—including penalty amounts, testing procedures, and exemptions from the Administrative Procedures Act. We recommend the Legislature make modifications, as needed, to ensure its priorities are reflected in the design and implementation of this system. For example, the Legislature could modify the proposed timing for lane testing and/or penalty levels. Furthermore, the Legislature may wish to use budget hearings to oversee project costs—particularly state funding that was already provided and expected future state costs.

**SR-710 Rehabilitation Account Trailer Bill.** The May Revision includes a trailer bill proposal that would authorize an increase in the amount of the total funds maintained in the SR-710 Rehabilitation Account from \$1.2 million to \$15 million. Under existing law, the sale proceeds of surplus properties within the SR-710 corridor go into the SR-710 Rehabilitation Account to pay for repairs of other surplus residential properties. Under existing law, excess funds are transferred to the State Highway Account to be allocated by the California Transportation Commission to exclusively fund projects located in Pasadena, South Pasadena, Alhambra, La Cañada Flintridge, and the 90032 postal ZIP code. Because the repair of these properties often costs several hundred thousand dollars, the current cap on the SR-710 Rehabilitation Account significantly limits the number of residential properties the Caltrans can repair at once. This delays the repair and sale of these homes and prolongs Caltrans' role in the disposal of these properties. Increasing the cap for the SR-710 Rehabilitation Account to \$15 million will improve Caltrans' ability to repair and rehabilitate many SR-710 properties at one time. This will expedite the repair and the sale of the SR-710 properties.

**Intercity Passenger Rail Equipment Maintenance and Overhaul.** The May Revision includes a one-time increase of \$27.5 million in 2026-27 fund critical equipment overhauls and maintenance necessary to operate the state's intercity passenger rail equipment. Caltrans procures and manages State-owned rail equipment and facilities for the three state-supported intercity passenger rail routes in California administered by their respective Joint Powers Authorities: Pacific Surf liner, Capitol Corridor, and San Joaquin train services. Caltrans owns over 180 pieces of equipment, built and delivered over the last 30 years, each with varying maintenance needs. This request will fund projects to address normal wear-and-tear, attain passenger safety expectations, meet federal safety standards, and maintain equipment in good repair to extend its useful life.

**Technical Adjustments.** April Finance Letters include the following technical adjustments to the 2026 Budget Act:

- Item 2660-001-0042 be amended to establish net-zero fund transfers between various programs to better align resources with planned workload. Item 2660-001-0046 be increased by \$4,507,000 in fiscal year 2026-27 to allow Caltrans to complete work for the California State Transportation Agency for the Transit Intercity Rail Capital Program.
- Item 2660-001-0890 be increased by \$4,714,000 in 2026-27 and \$3,042,000 in 2027-28 to allow Caltrans to fully utilize the administrative set-aside of the federal grant for Promoting Resilient Operations for Transformative, Efficient, and Cost-Saving Transportation (PROTECT).
- Item 2660-102-0042 be increased by \$275 million in reimbursements in 2026-27 to allow Caltrans to perform work on behalf of the California State Transportation Agency on the Port and Freight Infrastructure Program.
- Item 2660-302-0042 be increased by \$361 million in reimbursements in 2026-27 to allow Caltrans to perform work on behalf of the Bay Area Tolling Authority.
- Item 2660-304-6056 be increased by \$803,000 in reimbursements in 2026-27 to support the I-10 Corridor Express Lanes Contract 1 project funded by the Trade Corridors Improvement Fund that was previously approved by the California Transportation Commission.
- Item 2660-490 be added to reappropriate up to \$8,679,000 from Item 2660-001-0042, Budget Act of 2025, for work associated with the Enterprise Data Governance Technology Solution IT project (see Attachment 1).
- Item 2660-494 and Item 2660-495 be amended to reappropriate Proposition 1B bond funds for various bond-funded transportation projects previously approved by the California Transportation Commission (see Attachment 2 and 3).

**2600 CALIFORNIA TRANSPORTATION COMMISSION**

- **State and Local Transportation System Needs Assessment (SB 1121).** The May Revision includes \$252,000 ongoing (\$118,000 from the State Highway Account and \$134,000 from the Public Transportation Account) to convert one limited-term position to a permanent position to support the development of the State and Local Transportation System Needs Assessment required under SB 1121 (Gonzalez, Chapter 508, Statutes of 2022). The 2023 Budget Act provided a three-year limited-term position to develop the initial 2025 Needs Assessment. The Commission requests to convert this limited-term position to a permanent position to continue close-out work associated with the 2025 Needs Assessment, continue work on the 2030 Needs Assessment, and lead future updates to the Needs Assessment on an ongoing basis, as required by statute.

**2667 HIGH-SPEED RAIL AUTHORITY OFFICE OF INSPECTOR GENERAL**

- **Inspector General Whistleblower Complaint and Audit Management System Implementation.** The May Revision includes \$169,000 in 2027-28 and ongoing from the Public Transportation Account for maintenance and operations for two IT projects in-progress to implement solutions needed to perform the OIG-HSR's duties as outlined in state law. The first IT project will establish a system for confidentially receiving and investigating whistleblower complaints and the second project is to develop a software solution to support the OIG-HSR's audits, inspections, and reviews of the highspeed rail project.
- **Confidentiality Trailer Bill Language.** The May Revision updates the trailer bill language proposal originally included in the Governor's Budget to clarify confidential information to the Inspector General pursuant to this section, including, but not limited to, confidential information that is subject to a privilege, shall not constitute a waiver of that confidentiality, among other changes.

**2670 BOARD OF PILOT COMMISSIONERS**

- **IT Modernization.** The May Revision includes \$2.5 million in 2026-27 from the Board of Pilot Commissioner's Special Fund to begin the IT project to modernize the business operations of the Board. Previously, the 2023 Budget Act included funding to complete the Project Approval Lifecycle (PAL) process with the California Department of Technology. This request is to complete the PAL and begin the project once Stage 4 is completed. Of the amount in 2026-27, \$600,000 will be available immediately to continue the planning phase of the IT project that will automate many of the Board's manual processes to enhance operational efficiency, streamline business processes, and improve data accessibility and security. Provisional language is included to make \$1.9 million of the requested amount available to begin the IT project but is contingent upon all four stages of the PAL process being completed.

- **Legal and Office Facilities Costs.** The May Revision includes \$529,000 in 2026-27, \$454,000 in 2027-28, and \$233,000 in 2028-29 and ongoing from the Board of Pilot Commissioners' Special fund to cover legal expenses and secure a new leased office facility. Of this request, \$150,000 in 2026-27 is requested to cover costs for legal representation by the Department of Justice in ongoing litigation, as well as other legal costs, including possible court-ordered costs. The remainder of the request is to support a new eight-year lease term of the Board's office, applied toward tenant improvements and increased rent as the BOPC prepares to move into a new leased office facility.

## 2720 CALIFORNIA HIGHWAY PATROL

- **California Crash Data System Modernization Program.** The May Revision includes \$13.7 million and 10 temporary positions from the Federal Trust Fund in 2026-27 to continue the planning phase and transition into the execution phase of the California Crash (CalCrash) Data System Modernization Program. In February 2025, CHP received a grant for \$60.3 million from NHTSA to develop a user-friendly crash reporting system within five years. The CalCrash Project will provide CHP with an updated crash management application and California's Allied Agencies with an application to electronically complete crash reports for data collection. In 2025-26, CHP requested and received \$3.5 million from the Federal Trust Fund to begin planning the CalCrash Project including funding for four temporary IT positions. This request will allow CHP to continue with the Project Approval Lifecycle (PAL) process with the California Department of Technology.
- **CHP Enhanced Radio System (CHPERS): Replace Towers and Vaults – Leviathan Peak Supplemental Appropriation, Construction.** The May Revision includes \$9.1 million in 2026-27 from the General Fund for the construction phase for the CHPERS: Replace Towers and Vaults project. This request will fund the construction of a new 85-foot tower, vault with generator room, propane fuel system, solar panel system, and associated support infrastructure, to address deteriorating radio communications infrastructure and to improve radio interoperability in the Alpine and Mono County region among various public safety agencies. Previously, the 2025 Budget included \$9.2 million for construction costs of this project. However, the administration now estimates the construction costs to be \$18.2 million, primarily due to market driven construction cost escalation and extensive logistical and mobilization requirements associated with constructing a complex communications facility at a remote high elevation location with seasonal access.
- **Increase in Reimbursement Authority to Provide Law Enforcement Functions.** The May Revision includes \$57.6 million in 2026-27, \$55.6 million in 2027-28, \$55.8 million in 2028-29, \$55.9 million in 2029-30, and \$53.8 million in 2030-31 and ongoing in reimbursement authority, to provide sufficient expenditure authority for contracts with various state agencies, local jurisdictions, and private entities. This proposal requests an increase to the department's reimbursement authority to align CHP's spending authority with actual and anticipated reimbursement collections. Reimbursement needs have grown due to increased program activity and higher operational costs, but existing authority has not kept pace.

- **Operational Cost Increases.** The May Revision includes a one-time increase of \$40.4 million from the Motor Vehicle Account (MVA) for equipment and increased operating costs. This is in addition to resources proposed for operational costs in the Governor’s Budget. Specifically, CHP requests a one-time augmentation from the MVA for equipment, such as enforcement vehicles, air fleet, tablets, electronic control devices, and law enforcement materials, as well as operating costs, such as vehicle insurance, academy costs, and deferred maintenance.
- **Wireless Mobile Video/Audio Recording System (WMVARS) and Body-Worn Camera (BWC) 5G Upgrade.** The May Revision includes a one-time increase of \$3.1 million from the Motor Vehicle Account to upgrade CHP’s wireless mobile video/audio recording systems and body-worn cameras. The requested funding will provide 1,045 5G-capable antennas and 1,045 5G-capable cellular modems necessary to support CHP’s modernized body-worn cameras and WMVARS environments. These components are essential infrastructure which allow CHP’s video systems to reliably connect to cellular networks.

## 2740 DEPARTMENT OF MOTOR VEHICLES (DMV)

- **Chapter 8, Statutes of 2020 (AB 85) and Various Program Reimbursement Increases.** The May Revision includes an increase of DMV’s reimbursement authority by \$6.4 million in 2026-27, \$6.8 million in 2027-28, \$7 million in 2028-29, \$7 million in 2029-30, and \$6.5 million in 2030-31 and ongoing due to the changes in sales tax collection from used motor vehicle dealers from AB 85 (Committee on Budget, Chapter 8, Statutes of 2020), the California State Payroll System (CSPS) Project readiness activities, and ongoing cost increases (i.e. salary increases, etc.) for all reimbursable programs.
- **Delano: Field Office Replacement Supplemental Appropriation, Construction.** The May Revision includes a supplemental appropriation of \$3.9 million from the Public Buildings Construction Fund for increased costs of the construction phase of the Delano: Field Office Replacement Project. The estimated total project cost is \$33.3 million. The project has experienced delays from regulatory approval processes, inspections, and the implementation of construction change activities related to fire/life safety. These delays have caused increased costs for the general contractor and increased fees for architectural and engineering services, construction management, inspections, and project management.
- **Operational Cost Increases.** The May Revision includes a one-time increase of \$24.5 million from the Motor Vehicle Account for increased operating costs across DMV’s facilities, such as existing leases, security services, as well as scheduled and deferred maintenance projects, as well as increases in Attorney General (AG) fees. DMV has historically redirected salary savings, deferred scheduled maintenance projects at state-owned sites, and minimized lease modifications to only those that are necessary to absorb these costs into their base budget. However, due to recent vacancy sweeps and efficiency reductions, the DMV no longer has this type of budget flexibility and requests a one-time increase to support baseline operating costs at facilities and legal costs.
- **DMV Mobile Driver License (mDL).** The May Revision includes a one-time increase of \$5 million from the Motor Vehicle Account for information technology and consulting resources to continue the mDL pilot program.

In addition, the May Revision includes a trailer bill language proposal to remove the participation cap in the mDL pilot program. Previously, the 2021 Budget Act included \$10 million General Fund for the Mobile Driver License program, which was expended in 2021-22 and 2022-23 to develop a pilot program with an estimated 2 million users by the end of 2025-26. This request would continue the use and expansion of this program for an extended pilot in 2026-27. An extended pilot will provide the opportunity for additional use cases including opportunities for Californians to add the mDL to their devices for online identity proofing, disaster recovery and emergency assistance, identity assurance services, and consumer and access services.

- **San Clemente Field Office Lease.** The May Revision includes a one-time increase of \$4.1 million from the Motor Vehicle Account to relocate the San Clemente Field Office for 2026-27 through 2029-30. The current lessor has indicated they will not renew the DMV's lease beyond its expiration of August 31, 2027, citing significant congestion caused by DMV operations.
- **Various Efficiencies Trailer Bills.** The May Revision includes trailer bill language proposals to support operational improvements that also reduce costs at the DMV. This includes reducing statutory requirements for the department to provide physical paper copies of reports, handbooks, manuals, and notices; modernizing disabled person parking placard processes; authorizing digital titles; and eliminating rush registration documents. This is to address the ongoing structural deficit of the MVA.
- **Digital eXperience Platform (DXP) Project Reappropriation.** April Finance Letters include a reappropriation of \$32.3 million from the Motor Vehicle Account to complete the Vehicle Registration phase of the DXP project, which is the comprehensive modernization effort of the department's information technology systems. The project's schedule and cost have been revised in the most recent Special Project Report approved by the California Department of Technology on January 16, 2026. This request allows DMV to fulfill the original intent of the funding and complete the VR phase in fiscal year 2026-27.

**LAO Comments.** These comments pertain to all one-time Motor Vehicle Account (MVA) spending proposals, including for CHP's operational costs, DMV's operational costs, DMV mobile driver license pilot, and CHP wireless body camera upgrades.

***Weigh Departments' Immediate Funding Needs Against Future Pressure on MVA, Prepare to Address Fund's Structural Imbalance.*** Proposes \$73.4 million in new one-time spending from the MVA. This adds to a similar \$60 million CHP request in the Governor's Budget. In general, these requests are to meet basic department functions and implement current law, making their approval justified. However, while the administration projects that the MVA will have a sufficient balance to fund these proposals in 2026-27, it estimates the fund will barely be solvent in the subsequent year. Approving these proposals without addressing the underlying issues could limit the MVA's flexibility to respond to unexpected or urgent cash needs of the departments and elevate the account's future insolvency risk. Moreover, most of these proposals represent ongoing activities, meaning their funding need will continue in future years even though the funds are being proposed on a one-time basis. Given this context, we continue to recommend the Legislature consider steps to address the MVA's long-term sustainability, including raising more revenues or reducing expenditures.

**Staff Recommendation:** Hold Open.