



## FACT SHEET

### Senator John M.W. Moorlach

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## Senate Bill x1 9 – RESPONSIBLE CONTRACTING FOR CALTRANS

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### SUMMARY

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Senate Billx1 9 prohibits the use of one-time, nonrecurring funds to support permanent ongoing state positions within the Department of Transportation (Caltrans). This bill also requires Caltrans to increase contracting for architectural and engineering services decreasing the use of permanent civil service positions for this workload.

### ISSUE BACKGROUND

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In a Legislative Analyst's Office (LAO) report entitled "The 2014-15 Budget: Capital Outlay Support Program Review," the LAO determined that Caltrans' Capital Outlay Support (COS) program is overstaffed by approximately 3,500 full-time equivalent positions at a cost of approximately \$500,000,000 annually from various transportation funds. This overstaffing has occurred over time when there have been windfalls of funding -- for instance, with the American Recovery and Reinvestment Act of 2009 funds and Proposition 1B funds -- and workload spiked as a result.

In 2000, the voters passed Proposition 35 which allows state and local governments to contract for architectural and engineering work providing for a more efficient use of resources. While funding for large projects is highly variable and contracting services could be more effective and cost-sensitive, Caltrans only contracts for 10 percent of this work. During these periods of increased workload, though contract staff is added, additional permanent state employees are hired in accordance with the 90/10 arbitrary ratio through budget actions for many years. When the workload and its funding dry up, it is difficult to adjust the engineering resources with permanent state staff to best reflect the reduced workload. If a greater portion of the work is contracted, staffing could be adjusted immediately as workload fluctuates. Without the ability to adjust the number of staff, the COS program will continue to be overstaffed and consume funding that could go to essential projects that, ironically, will not be built due to lack of funding.

## **PROPOSAL**

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SBx1 9 proposes to increase the share of contract employees in the COS program by five percent annually, beginning on July 1, 2016, until a 50/50 ratio of state staff and contract employees is reached in 2023. With a greater portion of contract employees, staffing adjustments can be made instantly as workload fluctuates. Not only will the program be able to downsize when workload declines but it would also be able to increase staff more quickly if there is an influx of funding, helping to speed up projects. This is consistent with the will of the voters.

This bill would also prohibit the creation of new permanent state employee positions for work that is associated with temporary funding sources, including but not limited to, loan repayments, bond funds, and grant funds. This will ensure that Caltrans programs, like the COS program, do not grow unnecessarily by adding permanent staff paid for with temporary funds that will run out, creating a structural deficit in the program.

## **AUTHOR'S STATEMENT**

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SB x1 9 seeks to bolster public confidence in the legislature's ability to manage existing public transportation funds. Specifically, this legislation calls for greater efficiency for the California Department of Transportation's (CalTrans) Capitol Outlay Support (COS) program by increasing the use of temporary structural engineering contractors by five percent a year up to a maximum of 50 percent of all CalTrans COS program engineering personnel. This bill is in response to the LAO's finding that CalTrans's COS program finds itself overstaffed with 3,500 extra permanent positions at a cost of \$500,000,000 annually. These staffing overages were caused by hiring permanent staff for temporary projects resulting from temporary funding streams. This bill would gradually rectify this situation and allow for greater public trust of the legislature's spending oversight role.

## **SUPPORT**

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- California Construction and Industrial Materials Association (CalCIMA)

## **CO-AUTHORS**

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## **MORE INFORMATION**

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