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## \$1.5 Billion Shortfall Forces Cuts and Delays In Statewide Transportation Program

**SACRAMENTO, May 18, 2016** – Today the California Transportation Commission (CTC) adopted a five-year state transportation funding plan that cuts \$754 million and delays another \$755 million in highway, rail, transit, bicycle and pedestrian project spending. These cuts are due in large part to the steady loss of gas tax revenue over the past two years because of the drop in gasoline prices. It is the largest funding reduction since the current state transportation funding structure was adopted 20 years ago.

The cuts and delays are reflected in the State Transportation Improvement Program (STIP), adopted biannually by the CTC. The STIP is a key planning document for funding future state highway, intercity rail, transit and pedestrian improvements throughout California. Its primary funding source established by the Legislature is the price-based excise tax paid by drivers at the gas pump.

"It's highly unfortunate that we had to take this action," said CTC Chair Bob Alvarado. "This means that desperately needed transportation projects throughout California won't happen at all or will be significantly delayed. In addition to the many missed near-term opportunities to reduce congestion, improve air quality and grow jobs in virtually all areas of the state, projects that are stalled risk the loss of leveraging additional funds from state, federal and local sources and will likely cost significantly more to construct later. All Californians are paying a big price for the woefully inadequate investment in our transportation infrastructure. In light of the urgency and scale of the problem, we need the Legislature and Governor to agree on a solution quickly."

The CTC is required by law to estimate the amount of funds projected to be available over the five-year STIP period. The excise tax in 2010 was set at 17.3 cents per gallon and is adjusted annually by the State Board of Equalization based on fuel prices. On July 1, 2016, the tax will be reduced to 9.8 cents from the current 12 cents. Based on that reduction, the CTC anticipates a \$1.5 billion funding shortfall for project commitments previously made for fiscal years 2016-17 through 2018-19, leading to the project funding cuts and delays included in the 2016 STIP adopted today.

“Because transportation projects typically are funded from multiple sources, the total statewide economic impact of the funding cuts and delays likely will run into the billions,” said Alvarado.

It is estimated that every \$1 billion in highway and transit investment supports 13,000 jobs. Each penny reduction in the gas tax decreases revenue to fund state and local roads by about \$140 million per year.

The Legislature is currently considering proposals to reform the transportation program and increase transportation revenue, and Governor Brown also has advanced a proposed revenue and reform plan.

For a list of projects affected by the funding shortfall, please see [Programmed Project Funding Partially or Fully Deleted](#) and [Programmed Project Funding Delayed to 2019-20 and 2020-21](#), and for the CTC Staff Report, please see [2016 STIP CTC Staff Report](#).

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