

Date of Hearing: April 2, 2018

ASSEMBLY COMMITTEE ON TRANSPORTATION

Jim Frazier, Chair

AB 2734 (Frazier) – As Introduced February 15, 2018

SUBJECT: California Transportation Commission

SUMMARY: Removes the California Transportation Commission (CTC) from the California Transportation Agency (CalSTA) and establishes the commission as an independent entity in state government.

EXISTING LAW:

- 1) As provided for in the California Constitution, authorizes the Legislature to delegate to the Governor the authority to assign and reorganize functions among executive branch officers, agencies, and their employees.
- 2) Establishes CalSTA in state government, consisting of the Department of the California Highway Patrol, CTC, the Department of Motor Vehicles, the Department of Transportation, the High-Speed Rail Authority, and the Board of Pilot Commissioners for the Bays of San Francisco, San Pablo, and Suisun.
- 3) Generally vests agency secretaries with responsibility for sound fiscal management of each department within their agency and directs the agency secretary to review and approve the proposed budget for each department. Furthermore, specifically directs agency secretaries to do the following for each department under their purview:
 - a) Hold the head of each department responsible for management control over the administrative, fiscal, and program performance of the department;
 - b) Evaluate the performance of each department; and,
 - c) Seek to continually improve each department's organization structure, operating policies, and management information systems.
- 4) Establishes the 13-member CTC and provides that the commission is responsible for appointing an executive director who is to serve at the pleasure of the commission.
- 5) Directs the CTC to advise and assist the Secretary of Transportation and the Legislature in formulating and evaluating state policies and plans for transportation programs in the state.

FISCAL EFFECT: Unknown

COMMENTS: The Legislature originally created the CTC in 1978 as a result of concerns that the state lacked a single, unified transportation policy. The 13-member Commission oversees and coordinates the activities of the state's transportation sector, including planning and allocating money for the construction of highway, rail, and transit improvements throughout California. CTC is statutorily vested with the responsibility to advise both the Governor and the Legislature on transportation issues.

In 2012, Governor Brown proposed a major restructuring of the Executive Branch, presumably to improve clarity, organization, and accountability by eliminating agencies, forming new agencies around better focused missions, and bringing more state activities under agency structures for greater administrative efficiency. The plan included the disbanding of the Business, Transportation, and Housing Agency, the creation of CalSTA, and the inclusion of CTC within CalSTA.

The shift of CTC to be part of an administrative agency was one of the more contested components of the reorganization plan. At a hearing before California's Little Hoover Commission (which was responsible for reviewing the plan and making recommendations to the Legislature as to whether the plan should go forward or not), opponents to the CTC move suggested that CTC's independence was vital to the administration of the state's transportation programs and that placing CTC within CalSTA would threaten that independence. They cited as an example the fact that this shift makes the CalSTA Secretary statutorily responsible for management control over the administrative, fiscal, and program performance of CTC, yet the CTC Executive Director, who serves at the pleasure of the Commissioners, is accountable for these functions to the Commissioners, not the Secretary.

In its recommendation to the Legislature, the Little Hoover Commission generally supported the reorganization plan but suggested that California had been well-served by CTC's independence and recommended to the Legislature that it create a firewall to protect that independence, both by letter and in spirit. The Legislature responded to the recommendation by passing AB 1458 (Buchanan), Chapter 138, Statutes of 2012, that specifically states that CTC shall retain its status as an independent entity to perform its duties and functions prescribed to it under existing law.

Despite enactment of AB 1458, questions remain as to whether CTC is sufficiently able to act independently or whether it is subject to undue influence by the Administration. The author of this bill notes that the Legislature increasingly looks to CTC for guidance, policy development, and administration of complicated transportation programs, including implementation of much of the Road Repair and Accountability Act of 2017, SB 1 (Beall), Chapter 5, Statutes of 2017.

Committee Comments: Often, CTC serves as a mediator of sorts between state and regional transportation interests. Additionally, the Legislature relies on CTC to provide oversight of Caltrans programs. Given these important roles that CTC plays in the administration of the state's transportation policies and programs, and given that questions still linger about its independence, it may be time to reestablish bona fide CTC independence by moving it out from under the purview of CalSTA. The benefits of this will likely outweigh whatever organizational efficiencies the Governor's reorganization plan sought to attain.

Double referral: This bill will be referred to the Assembly Accountability and Administrative Review Committee should it pass out of this committee.

Previous legislation: AB 1364 (Linder) of 2015, was nearly identical to this bill. AB 1364 was referred to the Senate Transportation and Housing Committee and returned to the Assembly without being heard.

REGISTERED SUPPORT / OPPOSITION:

Support

None on File

Opposition

None on File

Analysis Prepared by: Eric Thronson / TRANS. / (916) 319-2093