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Business Community and Taxpayers Fear Non-Action By Legislators Will Continue Caltrans Bloat

Sacramento, Calif. – March 10, 2010 – Three of California’s strongest voices for the private sector today called on state legislators to take much-needed action to streamline the California Department of Transportation (Caltrans) and require greater fiscal accountability from the taxpayer-funded agency.

The call comes in advance of a Senate hearing scheduled for Thursday, March 11, in which legislators are expected to discuss the recommendations in a report issued last week by the non-partisan Legislative Analysts’ Office (LAO). The LAO report [<http://www.lao.ca.gov/laoapp/main.aspx>] calls on legislators to reduce Caltrans’ staffing by 1,500 jobs. The report cites the fact that the department’s \$2 billion Capital Outlay Support program – the program in which staff develop and manage the state’s \$18 billion capital construction program – “lacks sufficient workload justification.”

Teresa Casazza, president of the **California Taxpayers’ Association**, a non-partisan, non-profit organization formed to protect taxpayers from unnecessary taxes and to promote government efficiency, said: “The state is in a huge financial

hole, one that demands fiscal responsibility and common sense. This week's report from the Legislative Analyst's Office calling for a reduction in Caltrans' workforce is a timely reminder of why we need oversight of these agencies. The report revealed a major problem with Caltrans' bloat and inefficiency, and now the taxpayers deserve to see a solution, so more of their money won't be squandered."

Rex Hime, President and CEO, **California Business Properties Association** stated, "Without question the LAO report should trigger prompt corrective action to bring Caltrans personnel into line with project needs. The state is in the middle of the worst economic downturn in anyone's memory and we don't have the luxury of being overstaffed in such a manner. The way out of this recession is to stimulate private sector jobs and all the ancillary benefits that come from such economic growth."

Paul Meyer, executive director of **ACEC California** said: "The LAO Report clearly spells out what we have been saying for years: Caltrans is overstaffed and inefficient. It needs to be downsized in the same way that private engineering firms have been forced to downsize due to a lack of work—including lack of a fair share of state work. We fear that the legislature will, once again, adopt a 'business as usual' approach, cave-in to powerful public unions, and in effect force the problem onto the business community and the California taxpayers.

"For years the Legislature has only allowed private engineering companies to perform less than 10 percent of the state transportation engineering—a level far below the 50 to 60 per cent level in the other 49 states. Instead, as the LAO report demonstrates Caltrans has over-relied on full-time employees. Then when funding for projects dries up, as it is now, Caltrans and the taxpayers are stuck with too many, costly full-time employees.

If the past is any guide, no one should be surprised, if in response to the LAO report the Legislature does the following: Instead of reducing Caltrans huge bureaucracy,

the Legislature slashes Caltrans' current meager use of consultants. If so, the Legislature will face a bit of a problem: At present Caltrans total use of engineers from engineering companies does not even come close to the 1,500 job cuts called for by the LAO.

“This is not and should not be about private engineers versus public engineers. The plain fact is that Caltrans—like any state department of transportation—needs both. What this is really about is the plain fact that for years Caltrans has been allowed to grow without limits. We are now at the point where, if anyone had any doubts, the LAO has amply demonstrated that bigger is not necessarily better. In fact, if you take a look at almost any other DOT in this country, the trend has been toward smaller, more efficient operations. California stands alone as the only state in which more than 90 percent of work performed is handled in-house,” said Meyer.

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About ACEC California:

ACEC California is a statewide association representing more than 1,000 private consulting engineering and land-surveying firms that average 20 employees each. ACEC California is dedicated to enhancing the consulting engineering and land surveying professions, protecting the general public and promoting the use of the private sector in the growth and development of our state. Our members provide services for all phases of planning, designing and constructing projects. For more information, visit www.acec-ca.org

About the California Tax Payers Association:

The California Taxpayers' Association is a non-partisan, non-profit organization founded in 1926 to fight for taxpayers' rights, guard against unnecessary taxation and promote government efficiency. For more information, visit: www.caltax.org

About California Business Properties Association:

CBPA is the recognized voice of all aspects of the commercial industrial retail real estate industry in California. For more information, visit: www.cbpa.com