

STATE OF CALIFORNIA

EDMUND G. BROWN JR.  
Governor

Department of Alcoholic Beverage Control  
Department of Corporations  
Department of Financial Institutions  
California Highway Patrol  
California Housing Finance Agency  
Department of Housing & Community Development  
Department of Motor Vehicles  
Department of Real Estate  
Department of Transportation



BRIAN P. KELLY  
Acting Secretary

Office of Real Estate Appraisers  
Office of Traffic Safety  
New Motor Vehicle Board  
Board of Pilot Commissioners  
California Film Commission  
California Office of Tourism  
Infrastructure and Economic Development Bank  
Small Business Loan Guarantee Program  
Public Infrastructure Advisory Commission

**BUSINESS, TRANSPORTATION AND HOUSING AGENCY**

Little Hoover Commission, Monday, April 23, 2012

Testimony of Brian P. Kelly, Acting Secretary,  
Business, Transportation & Housing Agency

Mr. Chairman and Commissioners:

My name is Brian Kelly. I am the Acting Secretary of the Business, Transportation and Housing Agency (BT&H). I am honored to be here today to discuss with you the Governor's Reorganization Plan (GRP), a plan that profoundly affects the BT&H Agency in the short term, and that will profoundly and positively affect the state and its governance over the long term.

The focus of my comments today will be specifically on the part of the GRP that creates a new, cabinet-level agency focused on the state's large, complex and important transportation system—the new state Transportation Agency.

The Business Transportation and Housing Agency Today: Before I describe the merits of a new Transportation Agency, I want to provide to you my perspective on the current Business, Transportation & Housing Agency (BT&H).

BT&H as currently constructed is a vast and expansive agency. By statute, it is currently home to 12 distinct departments and offices employing some 42,000 people, with a cumulative budget in excess of \$15 billion dollars. The departments and offices within the agency range greatly in both form and function. For example, the Agency includes the Department of Transportation with 20,000 employees and a budget of \$11.2 billion to enhance the mobility and safety of our citizens, to preserve the state highway system, and to administer the state's intercity rail program. The Agency also includes the Office of Real Estate Appraisers with 32 employees and a budget of \$5 million to license and enforce the activities of real estate appraisers. Among others, BT&H is also home to:

- The Department of Financial Institutions;
- The Department of Housing and Community Development;
- The Department of Alcohol Beverage Control;
- The Board of Pilot Commissioners for the Bays of San Francisco, San Pablo and Suisun; and
- As recently as last year, the Agency was also home to The Department of Managed Health Care.

Each of these departments has an important function, and the service they provide has value. In addition to the these departments under its jurisdiction, the Agency also participates on some 45 boards and commissions, ranging from the California Film Commission to the Prison Industry Board and the Invasive Species Council. To be sure,

the demands on the Agency are great and varied. So great and varied, in fact, that one could question its core focus.

Here I must make a very important point: In my brief experience at the agency, I have come to respect and admire the men and women who work at BT&H and the departments within its jurisdiction. These are highly professional people who are dedicated to public service. There is no question that they make things work. The question, however, should be, "Can things work better?"

The Transportation Agency: Toward that end, the Governor has proposed a reorganization plan that, among other things, will consolidate and focus the current Business, Transportation & Housing Agency into an agency with a singular focus on the state's transportation system and its challenges. The new state Transportation Agency will include seven entities, all with a focus on the safety and mobility of California's traveling public. Those entities include:

1. Caltrans
2. Department of Motor Vehicles
3. California Highway Patrol
4. California Transportation Commission
5. High-Speed Rail Authority
6. Board of Pilot Commissioners
7. Office of Traffic Safety

California's transportation system is the largest and the most complex system in the nation. The state is home to more state highway miles than any other state (50,000); we register more cars and trucks than any other state (31 million); our roadways endure more vehicle miles traveled each year than any other state (327 billion vehicle miles traveled); we are home to three of the busiest five seaports in the country; more than 200 local agencies join Caltrans and Amtrak to operate a vast public transit and intercity rail system that delivers more than 1.3 billion passenger trips each year; our freight railroads move some 140 million tons of freight over nearly 7,000 miles of track in California; and our commercial airports operate at near physical capacity, most now in the midst of major capital projects to expand operations to meet demand.

In addition to its immense size and complexity, the state's transportation system is faced with important policy challenges that must be met over the next several years. For example:

- The construction and operation of a well-integrated high-speed rail system will require enhanced coordination between the High-Speed Rail Authority, Caltrans, the CTC, and local and regional transit operators;
- The California Transportation Commission recently released a ten-year statewide transportation needs assessment that

identified a significant funding shortfall if the state is to meet its mobility, safety and emission reduction objectives in the next decade. The assessment gives rise to needed deliberation over proper roles and responsibilities for delivering key improvements to the our transportation network;

- Metropolitan Planning Organizations (MPO's) from around the state are now adopting so-called SB 375-compliant regional growth plans that better coordinate transportation investments with the location of housing and job centers to achieve more efficient land-use patterns and allow regions to meet their greenhouse gas (GHG) emission targets. The state will need to work with our regional partners to move these concepts from planning documents to implementable programs.

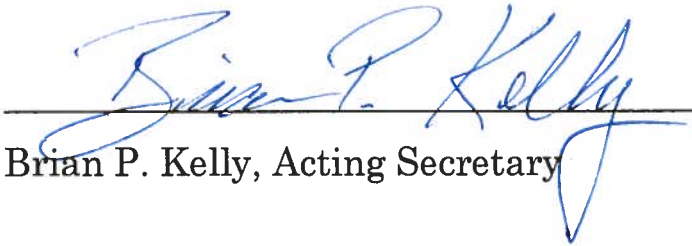
The size and complexity of the state's transportation system, combined with the important policy challenges now facing this state, demands cabinet-level attention and focus where policy and programs can be coordinated to achieve the state's mobility, safety and air quality objectives from its transportation system.

The Governor's Reorganization Plan affecting transportation oversight is far from radical. It is, instead, a practical response to the challenges ahead in California. This GRP moves California in the direction of virtually every other state, by creating a state agency with a

singular focus on transportation policy and accountable directly to the Governor. I can think of no state needing this kind of attention and focus on its transportation system more than the state of California.

Thank you for allowing me to testify before you today, and I am happy to answer your questions.

Respectfully submitted,



A handwritten signature in blue ink, reading "Brian P. Kelly", is written over a horizontal line. The signature is fluid and cursive.

Brian P. Kelly, Acting Secretary

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