
VDOT
Virginia Department of Transportation

REVENUE SHARING PROGRAM

Policy Revision - Funding

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Outcomes

- Overview of the current Revenue Sharing (RS) funding process
- Discussion of challenges
- Review of proposed funding policy changes & associated benefits
- July Workshop presentation on RS project delivery expectations
- September Board Resolution to consider adoption of changes

Revenue Sharing Overview

- **50% Match; $10M cap per application cycle**
- **Priority tiers:**
  - Priority 1 is provided to projects which have previously received Revenue Sharing funding
  - Priority 2 is provided to construction projects which meet a transportation need identified in the Statewide Transportation Plan need or projects which will be accelerated in a locality's capital plan
  - Priority 3 is provided to projects which address deficient pavement resurfacing or bridge rehabilitation
  - Priority 4 is provided to all other eligible projects

Current Funding Process

Priority 1: Existing Revenue Sharing projects

- **Locality requests are fully funded**

Priority 2: VTrans or locality CIP need projects

A. Locality cumulative requests up to a total of $1M are funded

B. Locality cumulative requests above $1M up to $10M are funded

- 33 Priority 2 projects were fully funded under bullet A ($12.6M).
- 49 projects received partial funding ($118.2M)

Priority 3 and 4 applications historically remain unfunded

If funds are depleted prior to completely funding all projects within a priority, any remaining funds may be pro-rated

Previous Revenue Sharing Cycle Comparison

FY23 Funding Cycle			
	# of projects	Requested	Funded
Priority 1	29	$52.1M	$52.1M
Priority 2	116	$203.4M	$169.8M

FY25 Funding Cyle			
	# of projects	Requested	Funded
Priority 1	73	$134.2M	$134.3M
Priority 2	78	$136.9M	$76.5M

FY27 Funding Cycle			
	# of projects	Requested	Funded
Priority 1	61	$108.5M	$108.5M
Priority 2	82	$148.2M	$130.8M

With $200M in available funding each round, excess funding has been available largely due to cancelled projects

Three-Year Balance Entry Value

Revenue Sharing Balance Entry Value				
	Canceled Projects		Surplus from Completed Projects	
	Count	Value	Count	Value
FY24	4	$3,308,308	54	$18,041,638
FY25	25	$33,318,049	22	$6,397,809
FY26	17	$11,017,275	30	$4,404,778
Totals	**46**	**$47,643,632**	**106**	**$28,844,225**
Grand Total Value		**$76,487,857**		

Issues Observed

- **Each round, a significant number of projects are partially funded**
  - **FY23: 90 partially funded**
    - $193.2M requested vs $159.6M funded
  - **FY25: 52 partially funded**
    - $128.6M requested vs $68.2M funded
  - **FY27: 49 partially funded**
    - $135.6M requested vs $118.2M funded
- **Partially funded Priority 2 applications (with few exceptions) don't advance until additional funding is provided in subsequent rounds, or they are cancelled entirely**
- **Local funds committed in applications are routinely replaced in future rounds with Revenue Sharing funds**

Proposed Funding Process - Goal

- **Applications are to be fully funded to the maximum extent possible.**
- **Any remaining funds may be pro-rated within a priority at the discretion of the Board.**

Proposed New Funding Process

Priority 1: Existing Revenue Sharing projects

- Locality requests are fully funded

Priority 2: VTrans or locality CIP need projects

A. Locality cumulative requests up to a total of $1M are funded
B. Fully fund all requests partially funded under the previous step
C. Fully fund all requests for projects in the existing SYIP
D. Fully fund all requests for projects recommended as the preferred alternative in a local or regional study
E. Fully fund all remaining requests

- If funds are depleted prior to completely funding all projects within a category (A-E), any remaining funds may be pro-rated

FY27 Revenue Sharing Allocations Comparison

Current Funding Process		
Step	**Description**	**Allocated Funds**
Priority 1	61 Priority 1 requests fully funded	$108.5M
Priority 2	33 Priority 2 requests fully funded *49 Priority 2 requests partially funded*	$12.6M $118.2M (requested $135.6M)
Totals	**143 requests receive funding**	**$239.3M**

Proposed New Funding Process		
Step	**Description**	**Allocated Funds**
Priority 1	61 Priority 1 requests fully funded	$108.5M
Priority 2	68 Priority 2 requests fully funded *8 Priority 2 requests partially funded* 6 Priority 2 requests not funded	$122M $7.2M (requested $18.4M) (Requested $13.3M)
Totals	**137 requests receive funding**	**$239.3M**

Benefits of Proposed Policy Revision

- By fully funding applications, applicants will know at the time of application how much local funds they are committing to
- Projects will advance sooner, improving the buying power of the investment
- More emphasis will be put on funding existing SYIP projects and projects with a solution supported by a local or regional study
- Localities may have multiple Priority 2 projects funded, resulting in fewer Priority 1 projects in subsequent funding round

Next Steps

- June - Stakeholder engagement
- July - Presentation on Revenue Sharing Project Delivery Expectations
- July/August – Continued stakeholder engagement
- September - Resolution to consider policy changes
- If adopted, changes will take effect in the next Revenue Sharing application cycle, spring 2027


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