COMMONWEALTH *of* VIRGINIA

Office of the

SECRETARY *of* TRANSPORTATION

Transportation Revenues and Budget

Secretary of Transportation

Pierce R. Homer

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Virginia Department of Aviation

DRPT

Virginia Department of Rail and Public Transportation

MVDB

Motor Vehicle Dealer Board

COMMONWEALTH OF VIRGINIA

Virginia Port Authority

VDOT

Virginia Department of Transportation

A Fundamental Change is Required in Transportation

- We cannot afford to administer and deliver our services, programs and projects the same way
- The economic outlook in Virginia, United States, and internationally has continued to decline since our last meeting in September
- The transportation revenue outlook continues to be decline as a result
- We must make fundamental structural changes to our transportation administration, services, programs, and projects to address this long-term change to our revenue base
- These reductions are in addition to the $1.1 billion reduction in state revenues last June

A Fundamental Change is Required in Transportation

- **Over the next six years revenues will be reduced $2.1 - $2.6 billion based on state estimates and AASHTO federal revenue estimates**
  - **State revenue for the next six years is reduced $1.5 billion**
    - Gas tax revenues are declining because of population change, prices, the economy, and the cars that are being driven today and in the future
    - Motor vehicle sales and use tax started downward in FY 2004 and have now plummeted
  - **Federal revenue is trending downward with its long-term future unknown**
    - A one-time $8 billion Congressional bailout saved the current fiscal year funding
    - Federal gas tax faces the same challenges at the state gas tax and is 80% of the total federal highway trust fund
    - The six-year federal transportation spending authorization ends this fiscal year
    - Federal funding is increasingly unpredictable

Each Transportation Agency Will Be Impacted

- While every transportation agency and its services, programs, and projects will be impacted, because of the statutory formulas, the largest impacts will be at VDOT
- Each agency has been working on a blueprint for making sustainable, structural changes. VDOT has been asked to develop a blueprint that includes:
  - Staffing reductions to 7,500 full time employees
  - Organizational changes to reduce overhead, number of divisions, residencies, and other organizational units with consolidation of similar services
  - Service level changes based on performance measures
  - Six-Year Program reductions from construction funding of approximately $1.1 billion with further reductions likely as federal outlook becomes clearer and because fewer bonds can be issued

Six-Year Funding Reductions to Transportation Agencies

Impact by Transportation Agency Budget

	2009	2010	2011	2012	2013	2014	Total
VDOT							
Total VDOT Budget	**(226,963,850)**	**(258,366,025)**	**(240,433,325)**	**(229,117,650)**	**(232,164,375)**	**(195,033,575)**	**(1,382,078,800)**
DRPT							
Total DRPT	**(14,701,850)**	**(20,033,025)**	**(19,494,325)**	**(18,699,650)**	**(18,999,375)**	**(17,604,575)**	**(109,532,800)**
Federal Revenue Reduction Range		**(93,000,000)** **(216,000,000)**	**(105,000,000)** **(216,000,000)**	**(117,000,000)** **(217,000,000)**	**(130,000,000)** **(218,000,000)**	**(143,000,000)** **(219,000,000)**	**(588,000,000)** **(1,086,000,000)**
Ports							
Total Ports	(2,709,100)	(3,485,150)	(3,416,950)	(3,079,900)	(2,971,250)	(2,218,450)	(17,880,800)
Aviation							
Total Aviation	(1,425,200)	(1,855,800)	(1,745,400)	(1,542,800)	(1,465,000)	(1,003,400)	(9,037,600)
Total State Revenue Change	**($245,800,000)**	**($283,740,000)**	**($265,090,000)**	**($252,440,000)**	**($255,600,000)**	**($215,860,000)**	**($1,518,530,000)**

OVERALL TRANSPORTATION REVENUE REDUCTIONS as of October 14, 2008 **(Low)** **($2,106,530,000)** **(High)** **($2,604,530,000)**

Six-Year Program Process and Considerations

- Will be consulting with federal and state partners to determine best approach to estimating federal revenues for next six years
- Existing policy goals will be followed – complete project phases; bridges; multimodal; congestion relief; and maximize funding from partners
- Estimated reduction in insurance premiums revenues will mean that less bonds can be sold which will directly impact construction projects and designated projects
- This review will take place during November/December