

FY 2010 Revised Budget

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November 18, 2009

Transportation Revenue Forecast Reductions (Six Year Estimates)

Spring 2008	$1.1 billion
February 2009	$2.6 billion
August 2009	$0.9 billion
	$4.6 billion

Reasons for Revising FY 2010 Budget and FY 2010 – 2015 Financial Plan

- The state revenue outlook has been updated twice since the budget and program were approved in June
- The November transportation forecast shows an FY 2010 revenue reduction of $152.6 million and a total reduction of $875 million for the six-years FY 2010-2015 – a slight improvement from the August forecast
- Additional state and federal reductions are likely in upcoming revenue forecasts

Changes to the Commonwealth Transportation Fund
November Forecast
($ millions)
Fiscal Years 2010 - 2015

Source	Fiscal Years 2010	2011	2012	2013	2014	2015	6-yr Total
Motor Fuels Tax	(27.4)	(4.9)	10.3	8.7	7.6	3.7	(2.0)
Motor Vehicle Sales Tax	(64.4)	(67.2)	(72.1)	(74.9)	(65.5)	(60.5)	(404.6)
Retail Sales Tax	(42.9)	(47.8)	(52.0)	(56.9)	(60.5)	(61.8)	(321.9)
All Other	(17.9)	(27.1)	(29.4)	(25.0)	(25.4)	(21.7)	(146.5)
Total Highway Maintenance Fund	(61.8)	(44.1)	(34.3)	(35.2)	(29.2)	(25.9)	(230.5)
Total Transportation Trust Fund	(90.8)	(102.9)	(108.9)	(112.9)	(114.6)	(114.4)	(644.5)
Total Commonwealth Transportation Fund*	(152.6)	(147.0)	(143.2)	(148.1)	(143.8)	(140.3)	(875.0)

*Total state taxes and fees

Commonwealth Transportation Fund Revenue Changes

In addition to the updated state revenue forecasts, the budgets are being revised to include:

- Planned use of CPR bonds
- Receipt of $28 million of federal bonus obligation authority
- Notice of $8 million of federal open container funds
- Reduced local revenues related to the revenue sharing program
- Reduced general fund support to the Route 58 program
- Other miscellaneous changes

These revisions bring the total to $851.5 million over the six-years

Commonwealth Transportation Fund
Revenue Outlook
Preliminary Revised FY 2010 – 2015
(in millions)

	2010	2011	2012	2013	2014	2015	Total
State Transportation Revenues							
HMO	$1,265.2	$1,305.0	$1,332.6	$1,367.1	$1,397.9	$1,430.5	$8,098.3
TTF net interest	811.1	831.1	856.4	888.6	923.5	960.6	5,271.3
PTF (From TTF)	149.1	148.2	154.2	162.1	169.7	177.1	960.4
Local and Other Revenues	369.4	231.4	221.8	204.8	200.8	196.1	1,424.3
Total	**2,594.8**	**2,515.7**	**2,565.0**	**2,622.6**	**2,691.9**	**2,764.3**	**15,754.3**
Original FY 2010 Revenues	***2,728.2***	***2,687.9***	***2,714.5***	***2,778.3***	***2,843.5***	***2,916.8***	***16,669.2***
Difference	***(133.4)***	***(172.2)***	***(149.5)***	***(155.7)***	***(151.6)***	***(152.4)***	***(914.8)***
Federal Revenues	**957.0**	**901.7**	**907.7**	**913.8**	**919.8**	**925.9**	**5,526.0**
Federal Contingency/Reserve	***(85.2)***	***(85.7)***	***(86.2)***	***(86.8)***	***(87.3)***	***(87.8)***	***(519.0)***
Total Revenues (Excludes Federal Contingency/Reserve)	**3,551.8**	**3,417.4**	**3,472.7**	**3,536.3**	**3,611.7**	**3,690.3**	**21,280.3**
Other Financing Sources							
Capital Improvement Bonds	207.9	226.6	213.9	206.8	203.2	189.8	1,248.3
Total Revenues and Other Financing Sources	**$3,759.7**	**$3,644.1**	**$3,686.6**	**$3,743.1**	**$3,814.9**	**$3,880.1**	**$22,528.5**
Original FY 2010 Revenues	$3,854.1	$3,830.4	$3,834.6	$3,899.9	$3,971.7	$3,989.4	$23,380.0
Difference	***($94.4)***	***($186.3)***	***($148.0)***	***($156.7)***	***($156.8)***	***($109.3)***	***($851.5)***

Revised FY 2010 – 2015 Assumptions

Program reductions include removal of previously planned employee pay increases in FY 2011 and 2012

Maintenance funding was reduced to balance FY 2010

Future growth of maintenance funding returned to 4% annually based on the reduced FY 2010 amount

- **Total maintenance funds are less than original FY09 amounts**
- **Secondary and urban maintenance funds will not meet maintenance needs**
- **Required an increased level of federal funding to support growth**

Revenue sharing program reduced to $15 million in FY 2011 and eliminated beginning in FY 2012 – requires budget action

Draft Plan to Balance VDOT's FY 2010 Budget
(in millions)

	FY 2010
ADMINISTRATIVE REDUCTIONS	
Mancon Total value of $11.1m	($5.5)
Equipment Purchases - One year delay	(10.0)
Capital Outlay (Half of one year)	(5.5)
Capital Outlay Balances	(14.5)
Payroll reductions from Governor's Plan (Furlough day, VRS, Benefit Contributions)	(6.9)
Other Reductions	(6.0)
Total for Section	(48.4)

Draft Plan to Balance VDOT's FY 2010 Budget
(in millions)

	FY 2010
MANAGED SERVICES AND PROGRAMS	
Reduce Locality Maintenance Payments	
Reduce 2010 to 2009 amount	(10.1)
Paving	
State Funded Paving Projects	(45.0)
Statewide Operational Improvements and Corporate Initiatives	(3.8)
Additional funding from Bonus OA	7.3
Total for Section	(51.6)
CTB PROGRAM STRATEGIES	
Eliminate state funded special programs (Requires Legislative change)	
Revenue Sharing	(10.0)
Access programs	(7.0)
Dedicated additions from Bonus OA and Open Container	29.9
Miscellaneous adjustments	4.7
Total for Section	17.6
Total Reduction Options	($82.4)

Reductions in paving are effectively offset by additional paving funded through ARRA and Bonus OA funds.

Reductions to the FY10-15 Proposed Revised Allocations

	Allocation Reductions
Environmental Monitoring and Evaluation	$5.7 M
Ground Transportation Planning and Research	($20.3 M)
Highway System Acquisition and Construction	($255.0 M)
Highway System Maintenance	($277.1 M)
Commonwealth Toll Facilities	($30.3 M)
Financial Assistance to Localities	($27.5 M)
Non-Toll Supported Debt Service	($50.4 M)
Administrative and Support Services	($115.2 M)
VDOT Capital Outlay	($5.5 M)
Support to Other State Agencies	---
Mass Transit	($46.3 M)
Aviation	($11.0 M)
Ports	($18.5 M)
TOTAL	**($851.5 M)**

Commonwealth Transportation Fund Preliminary Revised FY 2010 - 2015 Allocation Summary
(in millions)

	2010	2011	2012	2013	2014	2015	Total
Debt Service	$257.3	$257.5	$257.4	$263.8	$275.4	$283.2	$1,594.6
Other Agencies & Transfers	39.4	40.0	40.5	41.1	41.7	42.4	245.1
Highway Maintenance & Operations	1,637.8	1,694.4	1,760.9	1,830.0	1,901.9	1,976.3	10,801.3
Tolls, Admin & Other Programs	393.7	373.7	374.6	377.8	384.3	391.5	2,295.7
Public Transportation & Rail	345.5	365.6	372.3	365.4	371.4	378.0	2,198.2
Ports and Aviation	52.8	53.5	54.3	56.4	58.7	61.2	337.0
Earmarks & Special Financing	613.8	545.2	536.2	583.8	583.6	477.6	3,340.3
Highway Systems Construction	419.5	314.1	290.4	224.7	197.9	269.8	1,716.5
Total	$3,759.7	$3,644.1	$3,686.6	$3,743.1	$3,814.9	$3,880.1	$22,528.5

Capital Projects Revenue Bonds (HB3202 Bonds)

The use of the Capital Projects Revenue (CPR) Bonds has been constrained from the original plan envisioned when HB 3202 was passed

The original plans for the bonds provided significant funding for statewide and regional projects

The bonds have been included in the SYIP since FY 2008

With the revenue reductions that have been experienced, the main focus of the bonds today are to provide transit and rail support and match for federal funds

Capital Projects Revenue Bonds (HB3202 Bonds) Legislative Directed Use

HB 3202 directed the proceeds of the CPR bonds to be used for the following items in the listed priority order:

1. **A minimum of 20% of the bond proceeds shall be used for transit capital**
2. **A minimum of 4.3% of the bond proceeds shall be used for rail capital**
3. **The remaining amount of bond proceeds shall be used for the construction of transportation projects as follows:**
   - (a) to match federal highway funds
   - (b) to provide any required funding to fulfill the Commonwealth's allocation of equivalent revenue sharing matching funds
   - (c) to pay or fund the costs of statewide or regional projects throughout the Commonwealth

Capital Projects Revenue Bonds (HB3202 Bonds)

FY10-FY15 budget assumes issuance of $500 M in FY10 and $300 M in out years

Ability to meet this commitment has significant risks

- **Available state debt capacity**
- **Insurance premium revenue reductions**

Bond proceeds are necessary to fully match federal funds in every year of the budget



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