



**Fiscal Years 2015 - 2020 Outlook
Preliminary Six-Year Financial Plan
and Six-Year Improvement Plan Strategy**

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State and Federal Revenue Updates FY 2014 – FY 2019

- ❑ **The financial outlook has been updated as part of the annual development of the Governor’s Budget Bill and Transportation’s Six-Year Financial Plan**
 - Updated state revenue forecasts from Taxation
 - Developed new federal revenue forecasts
- ❑ **State transportation revenue forecast for major sources is down by \$795.6 million from \$20.286 billion to \$19.533 billion**
- ❑ **Federal revenue forecast is down by \$123.1 million, from \$5.635 billion to \$5.512 billion**

Updates based on 2014 Actual Apportionments and 2014 Obligation Authority through January 15, 2014

State and Federal Revenue Updates FY 2014 – FY 2019

- ❑ **Other revenue updates have a total net increase of \$11.2 million**
- ❑ **Total reduction of \$907.5 million**
 - \$67.6 million - transit and rail
 - \$692.8 million - highway construction
 - \$178.3 million in the regional revenues established by HB 2313
 - Addition of \$31.2 million in total for other adjustments – Local Revenue for Revenue Sharing, Updates to PPI for growth in VDOT Maintenance and Financial Assistance to Localities, Additional Funding for Support to Other State Agencies, Reductions in TTF Support for Ports and Airports

Commonwealth Transportation Fund Revenue Update

Major adjustments

State Revenue

- \$751 million reduction in anticipated revenues for Sales Tax on Motor Fuels, Road Tax and Aviation Fuel Tax
- \$249 million reduction in Retail Sales and Use Tax and Accelerated Sales Tax Transfer
- \$161 million in additional revenue from the Motor Vehicle Sales and Use Tax and Rental Tax
- \$57 million in additional revenue from License Fees
- The remaining \$13 million reduction is the net result of changes in other major revenues

Federal Revenue

- NHPP – Reduction of \$70.5 million
- RSTP – Reduction of \$9.4 million
- CMAQ – Reduction of \$6.8 million

Impact of HB 2313

(in millions)

| Major State Revenue Source | Preliminary FY 2014-2019 SYFP February 2013 | Final FY 2014-2019 SYFP June 2013 | Current FY 2014-2019 Revenue Estimate |
|--|--|--|--|
| Retail Sales and Use Tax (with Sales Tax Diversion) | \$3,781 | \$6,228 | \$5,972 |
| Tax on Motor Fuels | \$5,410 | 5,529 | 4,776 |
| Motor Vehicle Sales and Use Tax | 3,836 | 5,428 | 5,588 |
| Motor Vehicle License Fees | 1,438 | 1,493 | 1,550 |
| Total | \$14,466 | \$18,677 | \$17,886 |
| Total State Revenues | \$16,393 | \$20,286 | \$19,533 |
| SYFP Total | \$25,583 | \$33,227 | \$32,320 |

Preliminary CTF Revenue FY 2015 – FY 2020

- ❑ **Based on new revenue forecast**
 - State Revenue from the Department of Taxation through FY 2020
 - Federal and other sources derived by VDOT from source information
- ❑ **The projected FY 2015 – 2020 Six-Year Financial Plan totals \$32.74 billion**
- ❑ **\$491.4 million reduction from FY 2014 – 2019 Financial Plan**
- ❑ **Reduction of \$55 million from state and federal revenue sources**
- ❑ **Funding provided from anticipated bond sales are \$436 million less than the previous plan**
 - Based on planned management of the bond programs
 - CPR change of \$234.1 million
 - GARVEE change of \$202.7 million



Preliminary CTF Revenue Forecast FY 2015 – FY 2020

(Amounts in millions)

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | Total | FY 14-19 | Difference |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|---------------------------|---------------------------|--------------------------|
| State Transportation Revenues | | | | | | | | | |
| HMO | \$1,824.3 | \$1,956.1 | \$2,004.7 | \$2,028.9 | \$2,052.8 | \$2,078.8 | \$ 11,945.6 | \$ 11,903.7 | \$ 41.9 |
| TTF net interest | 1,108.9 | 1,149.7 | 1,185.1 | 1,218.8 | 1,251.7 | 1,285.7 | 7,199.9 | 7,316.8 | (116.9) |
| PTF (From TTF) | 168.7 | 177.3 | 183.1 | 189.9 | 200.8 | 207.8 | 1,127.6 | 1,108.1 | 19.5 |
| Regional Transportation Funds | 455.2 | 494.1 | 512.1 | 531.5 | 551.9 | 572.5 | 3,117.2 | 3,174.8 | (57.6) |
| Local and Other Revenues | 338.8 | 369.0 | 394.1 | 433.3 | 480.0 | 379.1 | 2,394.3 | 2,208.7 | 185.6 |
| Total | <u>3,895.9</u> | <u>4,146.2</u> | <u>4,279.1</u> | <u>4,402.4</u> | <u>4,537.2</u> | <u>4,523.9</u> | <u>25,784.6</u> | <u>25,712.1</u> | <u>72.6</u> |
| Federal Revenues | <u>891.2</u> | <u>923.3</u> | <u>923.3</u> | <u>923.3</u> | <u>923.3</u> | <u>923.3</u> | <u>5,507.6</u> | <u>5,634.7</u> | <u>(127.2)</u> |
| Total Revenues | <u>4,787.1</u> | <u>5,069.5</u> | <u>5,202.3</u> | <u>5,325.6</u> | <u>5,460.4</u> | <u>5,447.2</u> | <u>31,292.2</u> | <u>31,346.8</u> | <u>(54.6)</u> |
| Other Financing Sources | | | | | | | | | |
| GARVEE Bonds | - | 375.0 | 225.2 | 130.0 | 110.0 | - | 840.2 | 1,042.9 | (202.7) |
| Capital Projects Revenue Bonds | 122.9 | 122.9 | 122.9 | 122.9 | 61.6 | 50.0 | 603.2 | 837.3 | (234.1) |
| Total | <u>122.9</u> | <u>497.9</u> | <u>348.1</u> | <u>252.9</u> | <u>171.6</u> | <u>50.0</u> | <u>1,443.5</u> | <u>1,880.3</u> | <u>(436.8)</u> |
| Total Revenues and Other Financing Sources | <u>\$4,910.0</u> | <u>\$5,567.4</u> | <u>\$5,550.4</u> | <u>\$5,578.5</u> | <u>\$5,632.1</u> | <u>\$5,497.2</u> | <u>\$ 32,735.6</u> | <u>\$ 33,227.1</u> | <u>\$ (491.4)</u> |



Preliminary Allocations FY 2015 – FY 2020

(in millions)

| | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 | Total | Total from FY14-19 SYFP | Difference |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|-------------------------------|-------------------|
| Debt Service | \$ 338.7 | \$ 369.1 | \$ 424.2 | \$ 481.4 | \$ 540.2 | \$ 404.1 | \$ 2,557.7 | \$ 2,371.2 | \$ 186.5 |
| Other Agencies & Transfers | 60.5 | 60.6 | 43.3 | 43.7 | 44.8 | 45.8 | 298.7 | 304.1 | (5.5) |
| Maintenance & Operations | 1,922.8 | 1,984.2 | 2,028.1 | 2,062.7 | 2,099.7 | 2,139.5 | 12,237.0 | 11,934.4 | 302.5 |
| Tolls, Administration & Other Programs | 431.2 | 441.4 | 453.0 | 464.0 | 474.1 | 484.4 | 2,748.1 | 2,712.7 | 35.3 |
| Rail and Public Transportation | 495.3 | 511.7 | 525.4 | 547.5 | 489.8 | 478.3 | 3,048.0 | 3,141.5 | (93.5) |
| Port Trust Fund | 38.5 | 41.1 | 42.3 | 43.5 | 44.7 | 45.8 | 255.9 | 262.4 | (6.5) |
| Airport Trust Fund | 21.9 | 23.4 | 24.1 | 24.8 | 25.5 | 26.2 | 146.0 | 150.4 | (4.4) |
| Northern Virginia Transportation Authority Fund | 299.3 | 310.4 | 321.0 | 332.3 | 344.1 | 356.4 | 1,963.4 | 1,898.5 | 64.9 |
| Hampton Roads Transportation Fund | 155.9 | 183.7 | 191.1 | 199.1 | 207.7 | 216.2 | 1,153.8 | 1,276.3 | (122.5) |
| Construction | 1,145.9 | 1,641.9 | 1,497.8 | 1,379.5 | 1,361.4 | 1,300.6 | 8,327.2 | 9,175.4 | (848.2) |
| Total | \$ 4,910.0 | \$ 5,567.4 | \$ 5,550.4 | \$ 5,578.5 | \$ 5,632.1 | \$ 5,497.2 | \$ 32,735.6 | \$ 33,227.1 | \$ (491.4) |

- **Debt Service increase expected to support planned bond programs**
- **Maintenance & Operations growth based on updates to Highway and Street Construction Producer Price Index (PPI)**
- **DRPT reduction impacts Mass Transit and Rail Enhancement programs; reduction of \$72.9 million of planned CPR allocations**
- **Construction program reduction**
 - Crossover was \$452.8 million, ending by FY 2017; it returns for all years, totaling \$724.4 million
 - Eliminates distribution of funds through the construction formula during period
 - All available funds distributed through CTB formula

Federal Outlook

- ❑ **Not predicting any growth in federal revenues beyond the expiration of MAP-21 in 2014**
- ❑ **Monitoring Congressional activity on Transportation Funding**
 - The Highway Trust Fund will have fewer receipts than expenditures in FFY 2015, continuing a trend of the last several years
 - Without a transfer from the general fund of potentially \$15 billion, the HTF would not be able to support any new obligation of federal funding in 2015
 - Annual transfers would need to continue, and grow to about \$19 billion by 2023, to maintain spending at current levels, as adjusted for inflation.

(Crawley, Kim P. Congressional Budget Office "Testimony on the Status of the Highway Trust Fund," Subcommittee on Highway and Transit, Committee on Transportation and Infrastructure, July 23, 2013)

Impact of Revenue Reduction on Six-Year Improvement Program for FY 2015-2020

Impact of Revenue Reduction on Six-Year Improvement Program for FY 2015-2020

- Continue to work with the existing Priorities for SYIP Development if so directed by the CTB.
- Continue to program the remaining new state funding through the CTB Formula, revenue reductions will no longer be sufficient to flow through the original State Construction Formula in FY 2017-2020.
- Based on revised revenue estimates, propose to delay project schedules versus eliminating projects in the existing SYIP.

Impact of Revenue Reduction on Six-Year Improvement Program for FY 2015-2020

- **Balance the SYIP update with FY 2020 revenues to reduce the impact of the revenue reductions for FY 2014-2019.**
- **CMAQ and RSTP funding is estimated to be reduced 2.1% in RSTP or \$9.4 million and 2.3% in CMAQ or \$6.8 million in the Program update.**
- **Recommend increasing Revenue Sharing allocation for each year of the SYIP to \$184 million per year to meet the increasing need of the Program.**

Highway Priorities for FY 2015-2020 SYIP Update

- **Fund deficits on underway project phases**
- **Fund underway project phases as well as project phases that start in the current federal fiscal year**
- **Maximize use of federal funds to meet federal strategy**
- **Fund deficient bridges and paving projects**
- **Fund ADHS planned projects with an average of 4% of total federal maintenance and construction funds over the six years**
- **Fund deficient bridges with an average of 13% of total federal maintenance and construction funds over the six years**
- **Increase funding for preliminary engineering**
- **Support development of PPTAs**
- **Allocate funds consistent with how they will be obligated and expended**
- **Redirect inactive balances on projects**

Funding the SYIP

- The SYIP is funded with state and federal funds.
- **CTB Formula (Approved by General Assembly in 2012)**
 - **Categories**
 - 25 percent to bridge reconstruction and rehabilitation;
 - 25 percent to advancing high priority projects statewide;
 - 25 percent to reconstructing deteriorated interstate and primary system pavements determined to have a Combined Condition Index of less than 60;
 - 15 percent to projects undertaken pursuant to the PPTA;
 - 5 percent to paving unpaved roads carrying more than 200 vehicles per day; and
 - 5 percent to smart roadway technology.
 - Amounts up to \$500 million per year- amounts over \$500 million go through the existing state construction formula
 - Sunsets in FY 2020

Six-Year Improvement Program History

| | Approved FY 2011- 2016 Program | Approved FY 2012- 2017 Program | Approved FY 2013- 2018 Program | Approved FY 2014- 2019 Program |
|-------------------------------------|---|---|---|---|
| Highway Construction | \$5.7 b | \$8.3 b | \$9.0 b | \$11.5 b |
| Rail & Public Transportati on | \$2.1 b | \$2.3 b | \$2.4 b | \$2.9 b |
| Hampton Roads Fund | | | | \$1.3 b |
| Total Final SYIP | \$7.8 b | \$10.6 b | \$11.4 b | \$15.7 b |
| NOVA Fund | | | | \$1.9 b |
| Total With Regional Funds | | \$10.6 b | \$11.4 b | \$17.6 b |

Tentative Schedule for the FY 2015-2020 SYIP Update

January - March 2014

- Priorities submitted – urban, bridge, paving, surface transportation plan, regional
- Financial information for SYIP available to begin programming funds
- Coordinate with MPOs on RSTP and CMAQ programming
- Other special fund categories programmed by program managers

March – April 2014

- RSTP and other special fund programming complete

April – May 2014

- Present draft SYIP to CTB
- Financial information for Final SYIP available
- Complete public hearings
- Adjust SYIP as necessary for final financial information and public hearing comments

June 2014

- CTB adopts the FY 2015-2020 SYIP