



COMMONWEALTH of VIRGINIA  
*Office of the*  
SECRETARY of TRANSPORTATION

# Transportation Revenues and Budget

Secretary of Transportation  
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# 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
<b>VDOT</b>							
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)
<b>DRPT</b>							
Total DRPT	(14,701,850)	(20,033,025)	(19,494,325)	(18,699,650)	(18,999,375)	(17,604,575)	(109,532,800)
<b>Federal Revenue Reduction Range</b>		(93,000,000)	(105,000,000)	(117,000,000)	(130,000,000)	(143,000,000)	(588,000,000)
		(216,000,000)	(216,000,000)	(217,000,000)	(218,000,000)	(219,000,000)	(1,086,000,000)
<b>Ports</b>							
Total Ports	(2,709,100)	(3,485,150)	(3,416,950)	(3,079,900)	(2,971,250)	(2,218,450)	(17,880,800)
<b>Aviation</b>							
Total Aviation	(1,425,200)	(1,855,800)	(1,745,400)	(1,542,800)	(1,465,000)	(1,003,400)	(9,037,600)
<b>Total State Revenue Change</b>	<b>(\$245,800,000)</b>	<b>(\$283,740,000)</b>	<b>(\$265,090,000)</b>	<b>(\$252,440,000)</b>	<b>(\$255,600,000)</b>	<b>(\$215,860,000)</b>	<b>(\$1,518,530,000)</b>
					<b>OVERALL TRANSPORTATION REVENUE (Low)</b>		<b>(\$2,106,530,000)</b>
					<b>REDUCTIONS as of October 14, 2008 (High)</b>		<b>(\$2,604,530,000)</b>

# 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**