Transportation Revenues and Budget

Secretary of Transportation

Pierce R. Homer
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

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>Total</th>
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<td><strong>VDOT</strong></td>
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<td><strong>DRPT</strong></td>
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<td>Total DRPT</td>
<td>(14,701,850)</td>
<td>(20,033,025)</td>
<td>(19,494,325)</td>
<td>(18,699,650)</td>
<td>(18,999,375)</td>
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<td><strong>Federal Revenue Reduction Range</strong></td>
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<td></td>
<td>(93,000,000)</td>
<td>(105,000,000)</td>
<td>(117,000,000)</td>
<td>(130,000,000)</td>
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<td>(143,000,000)</td>
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<td>(216,000,000)</td>
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<td>(219,000,000)</td>
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<td><strong>Ports</strong></td>
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<td>Total Ports</td>
<td>(2,709,100)</td>
<td>(3,485,150)</td>
<td>(3,416,950)</td>
<td>(3,079,900)</td>
<td>(2,971,250)</td>
<td>(2,218,450)</td>
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<td><strong>Aviation</strong></td>
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<td>Total Aviation</td>
<td>(1,425,200)</td>
<td>(1,855,800)</td>
<td>(1,745,400)</td>
<td>(1,542,800)</td>
<td>(1,465,000)</td>
<td>(1,003,400)</td>
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<td><strong>Total State Revenue Change</strong></td>
<td>($245,800,000)</td>
<td>($283,740,000)</td>
<td>($265,090,000)</td>
<td>($252,440,000)</td>
<td>($255,600,000)</td>
<td>($215,860,000)</td>
<td>($1,518,530,000)</td>
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</table>

**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