



COMMONWEALTH of VIRGINIA
Office of the
SECRETARY of TRANSPORTATION

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

	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)	(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)
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 (Low)		(\$2,106,530,000)
					REDUCTIONS as of October 14, 2008 (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**