



FINANCIAL UPDATE

 John Lawson, Chief Financial Officer

October 29, 2018

Financial Update Items

- **VDOT Financial Performance through September**
- **August State Revenue Update**
- **Federal Fiscal Year 2020 Rescission**

September Revenue Overview

Commonwealth Transportation Fund (CTF) revenues increased 6.3 percent over the same period in last year

4.1 percent higher than the estimated annual growth rate of 2.2 percent

Motor Fuel Taxes increased by 10.2 percent, exceeding the anticipated growth rate of 6.0 percent

The transportation share of the State Retail Sales and Use Tax revenues increased 10.6 percent over the previous year through September.

Performing above the annual target growth rate of 2.3 percent.

Federal revenue collections, remain steady, supporting program activities as expected.

Commonwealth Transportation Fund Highway Maintenance & Operating Fund and Transportation Trust Fund Revenues

Revenue	FY 2019 Estimate	(Dollars in Thousands) September Year to Date			% Annual Growth Required by Estimate
		FY 2019	FY 2018	% Change	
Motor Fuel Taxes	\$908,700	\$192,894	\$175,060	10.2	6.0
Priority Transportation Fund (PTF)	168,655	131,543	131,066	0.4	0.4
Motor Vehicle Sales and Use Tax	995,000	266,006	258,153	3.0	1.1
State Sales and Use Tax	1,067,800	224,767	203,234	10.6	2.3
Motor Vehicle License Fees	259,200	70,033	65,948	6.2	0.1
International Registration Plan	64,200	14,496	12,221	18.6	(7.2)
Recordation Tax	48,300	12,095	12,928	(6.4)	1.1
Interest Earnings	4,200	219	78	180.8	(52.7)
Misc. Taxes, Fees and Revenues	17,200	5,108	4,242	20.4	(12.3)
Total State Taxes and Fees	<u>\$3,533,255</u>	<u>\$917,161</u>	<u>\$862,930</u>	6.3	2.2

Source: Commonwealth of Virginia/Department of Accounts, HMOF and TTF Revenues, Summary Statement of Selected Revised Revenue Estimates & Collections, Fiscal Years 2018 and 2019.

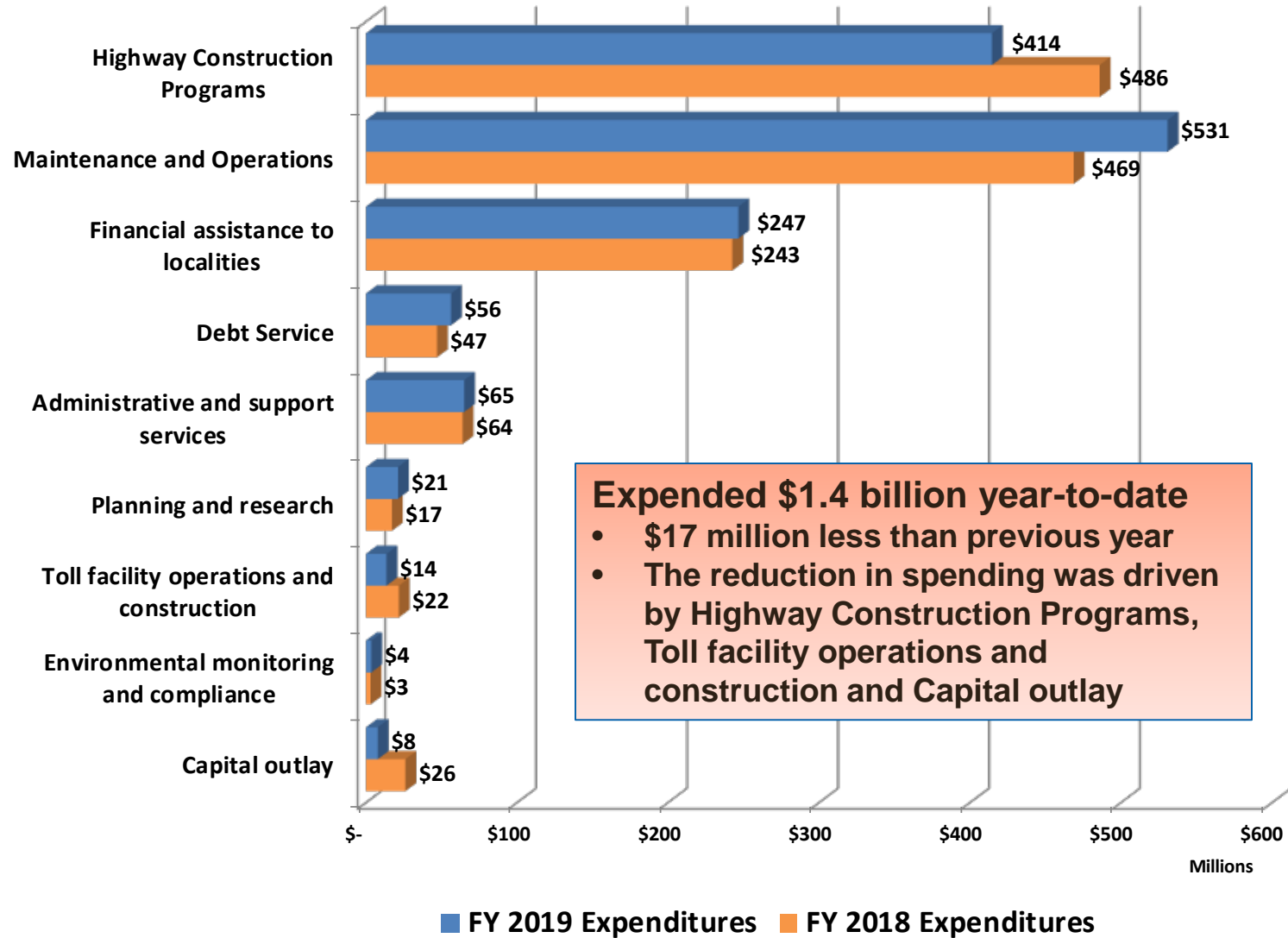
VDOT Federal Revenue

Federal revenue collections totaled \$641.8 million;
\$47.2 million more than through September 2017

(Dollars in Thousands)

Program	FY 2019		FY 2018		Difference
	Revenue	% of Total Revenue	Revenue	% of Total Revenue	
Construction	\$316,236.9	49.3%	\$296,319.6	49.8%	\$19,917.3
Maintenance	260,718.2	40.6%	244,520.2	41.1%	16,198.0
Planning & Research	7,214.1	1.1%	3,932.7	0.7%	3,281.4
Debt Service	56,247.3	8.8%	47,038.0	7.9%	9,209.3
Other Programs	1,401.6	0.2%	2,854.8	0.5%	(1,453.2)
Total VDOT Programs	\$641,818.2	100.0%	\$594,665.4	100.0%	\$47,152.8

First Quarter Expenditures by Program



FY 2019 Construction Program Summary

Total spending through September
\$414.5 million;
\$71.4 million less than the prior year

Actual spending was \$15.5 million less
than anticipated.

Spending by Service Area shows the
transition to the new program structure

	(Dollars in millions)			
	FY 2019	FY 2018	Difference	
	Expenditures to Date	Expenditures to Date	Amount	Percentage
State of Good Repair	\$ 13.04	\$ 23.08	\$ (10.04)	-43%
High Priority Projects	21.38	1.37	20.02	1465%
Construction District Grant	19.37	7.72	11.65	150.9%
Specialized State and Federal	310.25	391.96	(81.71)	-20.8%
Legacy Construction Formula	40.22	52.00	(11.78)	-22.7%
Total Systems Construction	\$ 404.26	\$ 476.13	(71.86)	-15.1%
Program Management & Direction	\$ 10.23	\$ 9.77	\$ 0.46	4.8%
Total	\$ 414.50	\$ 485.90	\$ (71.40)	-14.7%
Anticipated Spending Year to Date	<u>\$ 430.0</u>			
Variance	<u>\$ (15.5)</u>			

FY 2019 Maintenance Program Summary

Expended \$530.9 million through September 2018

Year-to-date spending was \$62.2 million higher than in FY 2018

(Dollars in millions)

Service Area	FY 2019			FY 2018			Difference
	Allocations	Expenditures to Date	% Expended	Allocations	Expenditures to Date	% Expended	
Interstate Maintenance	\$426.0	\$94.0	22%	\$408.6	\$92.7	23%	\$1.3
Primary Maintenance	602.2	143.6	24%	569.2	109.0	19%	34.7
Secondary Maintenance	581.2	212.3	37%	581.6	195.0	34%	17.4
Services	128.9	54.3	42%	180.5	45.2	25%	9.0
Program Management & Direction	80.2	26.6	33%	76.9	26.8	35%	(0.2)
TOTAL	\$1,818.4	\$ 530.9	29.2%	\$1,816.8	\$468.7	25.8%	\$62.2
Anticipated Spending Year to Date		\$560.8					
Variance		\$ (29.9)					

Financial Assistance to Localities - Special Funds

Northern Virginia Transportation Authority Fund

	Annual Forecast	Forecast YTD	Actual YTD	Difference
Revenue Collected	\$266.8	\$58.3	\$59.4	\$1.1

Dollars in millions

Hampton Roads Transportation Fund

	Annual Forecast	Forecast YTD	Actual YTD	Difference
Revenue Collected	\$188.2	\$37.7	\$41.1	\$3.4

Dollars in millions

Major Fund Cash Balances

Fund	(in millions)		
	FY 2019 Balance	FY 2018 Year End Balance	Change
<u>Operating Funds</u>			
Highway Maintenance and Operating	\$ 190.3	\$ 177.0	\$ 13.3
Transportation Trust Fund - Construction	654.4	485.5	168.9
Total	<u>844.7</u>	<u>662.5</u>	<u>182.2</u>
<u>Dedicated Funds</u>			
Concession Fund	564.5	569.1	(4.6)
Priority Transportation Fund	384.6	246.0	138.6
Toll Facility Revolving Account	44.4	43.1	1.3
Transportation Partnership Opportunity Fund (TPOF)	27.5	27.5	-
Virginia Transportation Infrastructure Bank (VTIB)	196.7	196.7	-
Total	<u>1,217.7</u>	<u>1,082.4</u>	<u>135.3</u>
<u>Bond Funds Held by Trustee</u>			
CPR Bonds Fund	56.1	115.4	(59.3)
GARVEE Bonds Fund	339.5	360.9	(21.4)
Total	<u>395.6</u>	<u>476.3</u>	<u>(80.7)</u>
Grand Total	<u>\$ 2,458.0</u>	<u>\$ 2,221.2</u>	<u>\$ 236.8</u>

AUGUST STATE REVENUE UPDATE



State Revenue – August update, Difference since December 2017

Highlights of the 2019-2024 outlook period

Reduction of \$264 million in Motor Fuel Tax Revenues

Increase of \$134.8 million in Motor Vehicle Sales and Use Tax

Reduced Insurance Premium estimate impacting PTF expectations

Official revenue forecast update in December

Impact to SYFP and SYIP will be outlined in January 2019

State Revenue – August update, Difference since December 2017

	(In millions)						
STATEWIDE	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	TOTAL
Impact by Fund							
HMOF	\$ 0.4	\$ 0.6	\$ 0.6	\$ 0.4	\$ 0.1	\$ 0.3	\$ 2.4
TTF	(26.4)	(26.9)	(27.5)	(28.1)	(28.8)	(29.2)	(166.9)
Total	\$ (26.0)	\$ (26.3)	\$ (26.9)	\$ (27.7)	\$ (28.7)	\$ (28.9)	\$ (164.5)
TTF Breakdown							
Modal Distribution							
Highway Construction	(9.2)	(9.3)	(9.4)	(9.6)	(9.7)	(9.8)	(56.9)
Transit	(1.7)	(1.7)	(1.8)	(1.8)	(1.8)	(1.8)	(10.6)
Ports	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(3.0)
Airports	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(1.7)
Mass Transit	(1.4)	(1.4)	(1.4)	(1.4)	(1.5)	(1.5)	(8.5)
IPROC	(0.6)	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)	(4.1)
WMATA Capital Fund	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(1.2)
Recordation Tax	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(3.0)
3.7% to Mass Transit Fund (Fuel Tax)	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)	(12.0)
PTF	(10.1)	(10.4)	(10.7)	(11.1)	(11.6)	(11.9)	(65.8)
	\$ (26.4)	\$ (26.9)	\$ (27.5)	\$ (28.1)	\$ (28.8)	\$ (29.2)	\$ (166.9)

FAST ACT RESCISSION



What is a Rescission?

- Legislation enacted by Congress that cancels the availability of budget authority (e.g., contract authority (CA) or apportionment) before that authority would otherwise expire
- Does not affect obligation authority (OA)
- Used to reduce spending
- Rescissions have been implemented in the past

FAST Act Rescission

- \$7.569 billion of unobligated CA
- Based on unobligated apportionment balances as of September 30, 2019
- Will be applied and funds taken on July 1, 2020
- Reduces unobligated balances in eligible funding categories
- Congressional action would be required to eliminate or change the rescission

FAST Act Rescission – Exempted Categories*

Generally, it does not apply to the least flexible fund sources

- Safety
- Rail
- STP/STBG funds suballocated by population (i.e., RSTP, STP 5k<200k, STP<5k)
- Earmarks
- Other allocated funds, grants, or loans (e.g., TIGER, INFRA, BUILD, TIFIA)

***Not all inclusive**

FAST Act Rescission – Impacted Categories*

- In general, impacts larger, more flexible and widely used fund sources
 - STP/STBG Flexible
 - NHPP
 - CMAQ and CMAQ Set-Aside
 - NHFP
- Also impacts some required and special programs
 - Enhancement and Transportation Alternatives Program (TAP)
 - TAP Statewide
 - TAP suballocated by population
 - State Planning and Research (SPR)
 - Metropolitan Planning (PL)

*Not all inclusive

Why does this rescission matter?

- Amount is large
- Calculation and application is very prescriptive
- May require VDOT budget and program adjustments if amounts exceed unbudgeted apportionment
- Ultimately reduces flexibility in programming and obligation of federal funds
- Wide impacts, including:
 - Obligation strategy and planning
 - August Redistribution approach
 - Projects if budget adjustments are required

What is the anticipated impact?

- Exact impact unknown
- \$152.4 million projected rescission if implemented as of 9/30/2017
- Largest impacts to funding categories with large unobligated balances relative to Virginia's overall share
- Rescission amounts likely to require VDOT budget adjustments in some programs

What is our strategy?

- Support legislative efforts to eliminate or minimize the rescission
- Mitigate impacts
 - Outreach to localities and MPOs
 - Plan and execute federal funds management and obligation strategy to reduce unobligated balances in categories subject to rescission
- Plan for the future
 - Obligation strategy and planning
 - August Redistribution approach