



An Overview of the Highway Construction Allocation Formula

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John W. Lawson
Chief Financial Officer

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History of the TTF and the Highway Construction Allocation Formula

The Creation

- In 1986, the General Assembly passed a set of statewide taxes and fees for transportation and created the Transportation Trust Fund or TTF.
- The purpose was to create dedicated funding for highway construction, transit, ports and aviation.
- Prior to the TTF, there was only one fund – the Highway Maintenance and Construction Fund – into which all transportation revenues were deposited.
- Along with this action, formula distributions of the TTF revenues were defined in Code
 - § 33.1 – 23.03:2 distributes the revenues amongst the transportation modes
 - § 33.1– 23.1 specifies the distribution of the highway construction share
 - Other Code sections provide formulas for the use of the transit portion

Transportation Trust Fund (TTF) Distribution

- **The 1986 Special Session established how the TTF revenue is to be distributed among the modes and within the modes.**
- **Code section § 33.1 – 23.03:2 defines the distribution among the modes:**
 - 78.7 percent for highway construction
 - 14.7 percent for mass transit capital and operations
 - 4.2 percent for ports – used for debt service, capital improvements and construction
 - 2.4 percent for airports – used for debt service, capital improvements and construction

Federal Funding

- **The Appropriation Act requires federal funds to be distributed and administered in accordance with federal requirements, including amounts directed to public transportation.**
- **The authorizing federal legislation stipulates how federal-aid funding is distributed to the states, among the types of roadways, who controls project selection, and for what purposes the funding can be used.**
- **There are seven major federal funding programs:**
 - Interstate Maintenance (IM)
 - National Highway System (NHS)
 - Bridge
 - Surface Transportation Program (STP)
 - Equity Bonus (previously called Minimum Guarantee)
 - Congestion Mitigation and Air Quality (CMAQ)
 - Highway Safety Improvement Program (HSIP)

Details of the Highway Construction Allocation Formula

Highway Construction Fund Distributions

- **§ 33.1-23.1 defines the allocation priorities and formulas for the share of the TTF dedicated for highway construction.**
- **Before funds are distributed to the systems, funds are taken “off the top” for programs such as:**
 - Revenue Sharing
 - Economic Development and Recreational Access
 - Required Match for federal programs
 - Transportation Planning and Land Use activities
- **The remaining amounts are distributed as prescribed:**
 - The match required for interstate construction
 - Unpaved Roads – 5.67 percent
 - Of the balance:
 - Primary System – 40 percent
 - Secondary System – 30 percent
 - Urban System – 30 percent

Interstate Construction

- **The Code requires that of the four highway systems, the interstate system projects shall be funded first.**
- **The CTB has discretion to allocate Federal interstate funds and required state match based on statewide project needs.**
 - No required sub-allocation by district or formula
 - First source of match is up to 25 percent of a District's primary system allocation and then it is "off the top" of all remaining funds

Unpaved Secondary Roads

- **Next, the Code requires that 5.67 percent of remaining funding be allocated for unpaved secondary roads with 50 or more vehicles per day.**
- **Funds are distributed by ratio of non-surface treated roads in each county carrying 50 vehicles or more per day to the total number throughout the Commonwealth.**
- **The County Boards of Supervisors prioritize unpaved road projects.**

Primary System

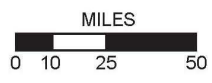
Of the remaining amount,

- **40% is allocated among the nine construction districts by the following formula**
 - 70% by primary vehicle miles of travel (VMT)
 - 25% by primary lane miles
 - 5% needs factor
 - Defined by the CTB, currently defined as:
 - Northern Virginia – 1.9537 percent
 - Bristol District – 1.8791 percent
 - Fredericksburg District – 1.1672 percent

- **The CTB allocates funding to specific primary projects within each district.**

Virginia Department of Transportation CONSTRUCTION DISTRICTS

Central Office (☆)
1401 East Broad Street
Richmond, Virginia 23219
804-786-2801
www.VirginiaDOT.org



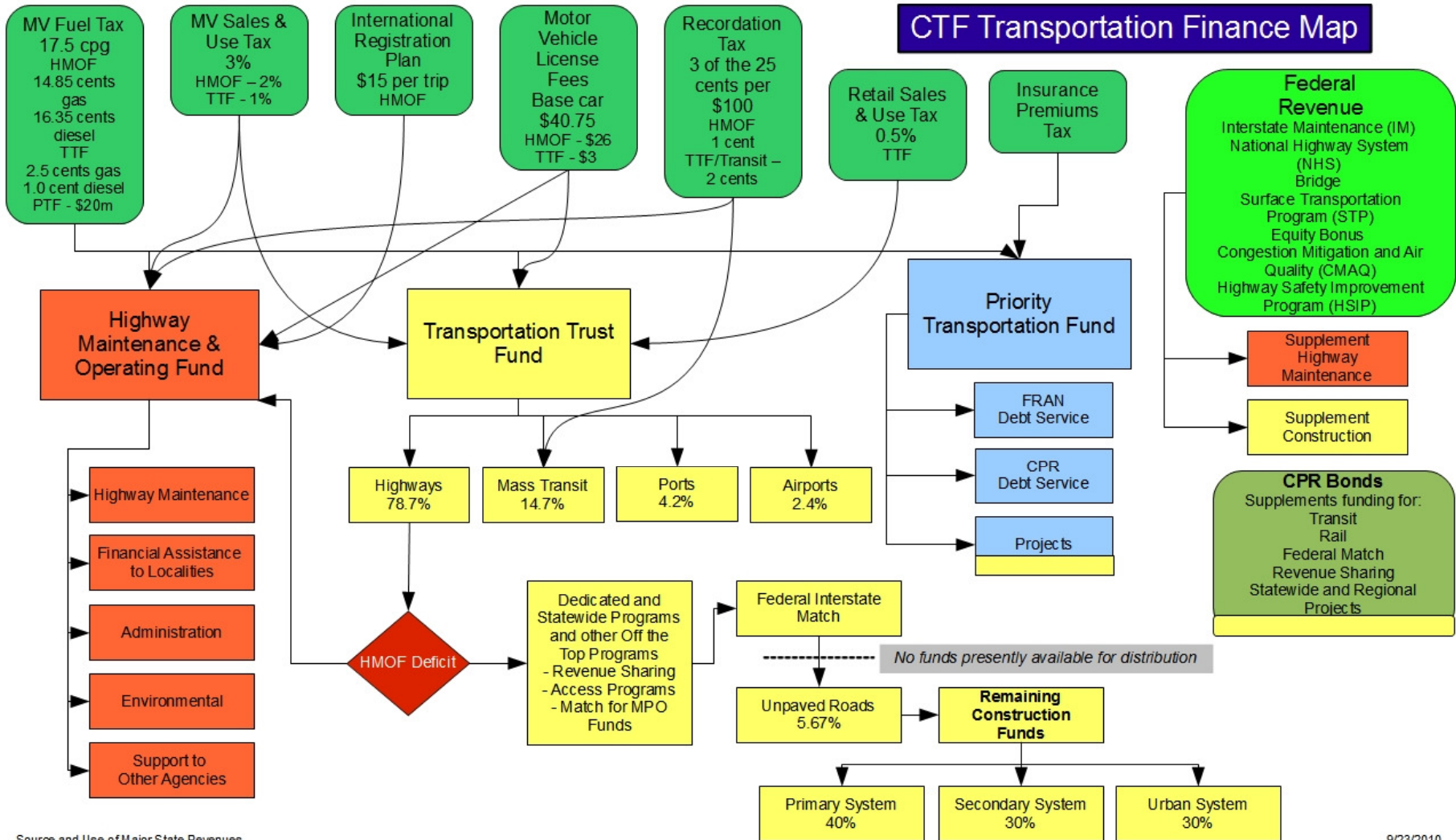
Secondary System

- **30% is distributed by formula to each county based on the following factors:**
 - 80% by population – latest population estimate
 - 20% by land area

- **The projects selected within each County by the local Board of Supervisors – the CTB has no role in project selection or priorities.**

Urban System

- **Lastly, the remaining 30% is allocated to each city and town with more than 3,500 residents based strictly on the latest population estimate from the Weldon Cooper Center.**
- **The City and Town Councils prioritize the projects for construction.**
- **The CTB has no role in project selection or priorities.**



Source and Use of Major State Revenues

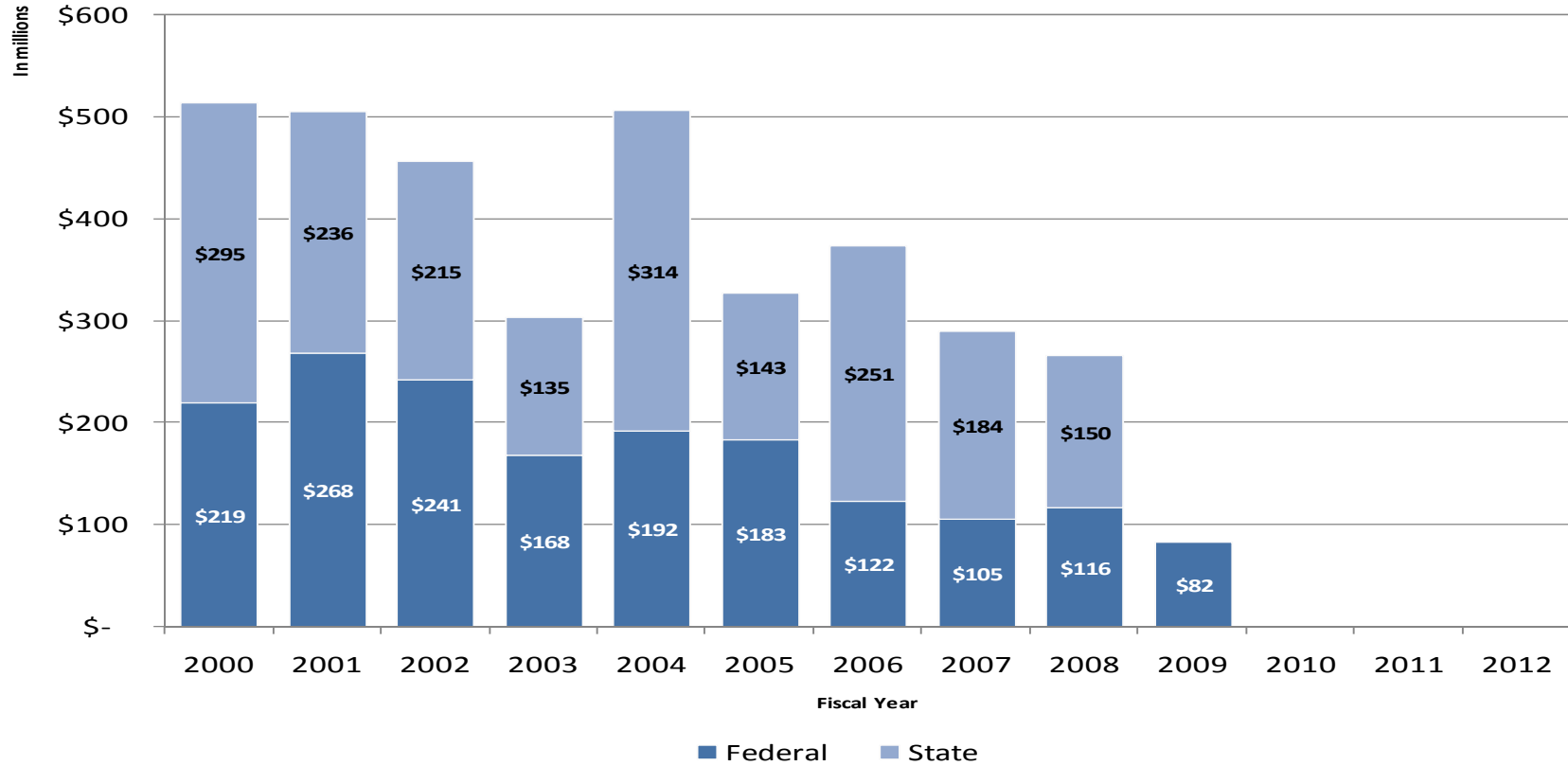
History of Construction Allocation Formula Distributions

Historic Formula Distributions

- Due to the lack of available funds, no funds have been available for distribution through the formula since FY 2009.
- In addition to the highway construction share of the TTF, it has been CTB practice to distribute portions of the federally discretionary portions of the STP, Equity Bonus and Bridge programs through the construction allocation formula.

Historical Construction Allocation Formula Distributions

Federal/State Breakdown of Formula Construction



Crossover	\$-11.2	\$-4.0	\$3.6	\$147.2	\$56.9	\$244.6	\$186.2	\$286.3	\$260.6	\$362.6	\$500.2	\$511.0	\$447.8
Federal to Maintenance							\$97.4	\$178.2	\$143.0	\$199.6	\$178.6	\$155.1	\$167.3

Illustrative Highway Construction Allocation Formula Scenario

What if Crossover was eliminated?

- Under current law, if the crossover amount was reduced or eliminated, available funds would be distributed according to the construction allocation formulas.
- For this scenario, assume \$500 million in construction funding becomes available.
- The first use of these funds could be to fully fund the Revenue Sharing program.
 - \$200 million program maximum
 - Would require an additional \$150 million on top of the currently planned \$50 million.
- The remaining \$350 million would be available for formula distribution.

Systems Distribution

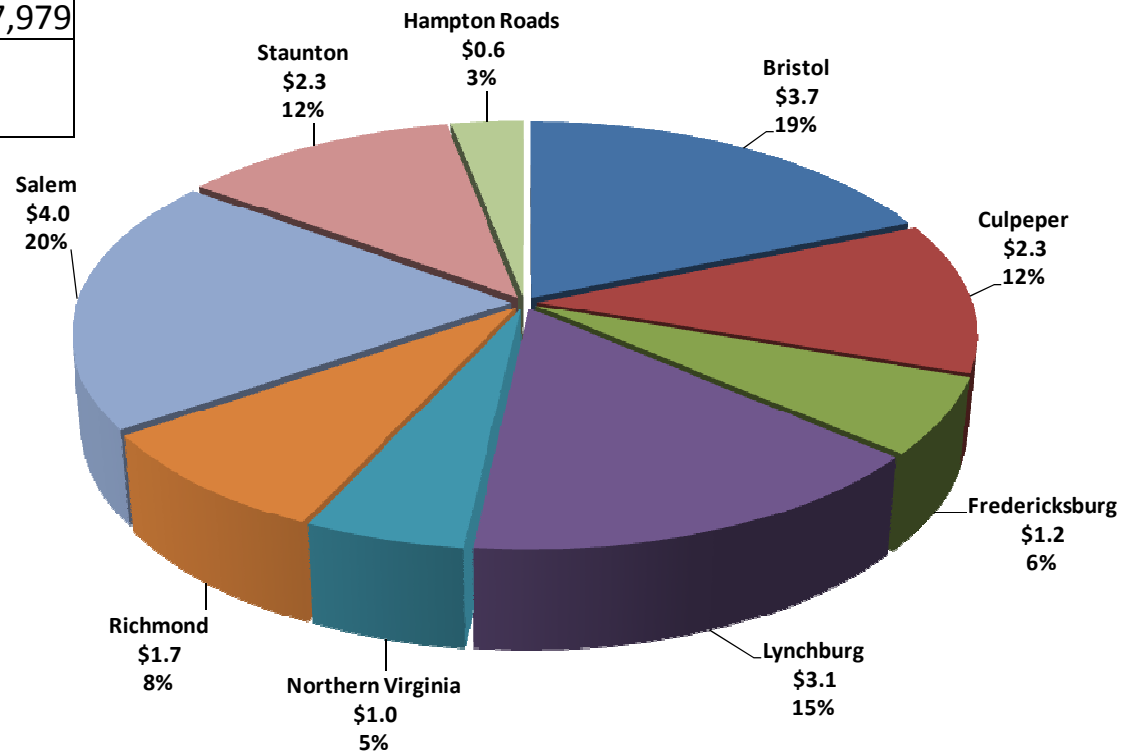
- **The \$350 million would be distributed as follows:**
 - Federal Interstate match - No additional amount needed
 - \$19.8 million for Unpaved Roads
 - \$330.2 million for distribution to Primary, Secondary and Urban
 - Primary - \$132 million
 - Secondary - \$99 million
 - Urban - \$99 million

Unpaved Distributions

\$19.8 million

85 Counties

Greatest Share:	Grayson	\$1,183,699
Smallest Share:	Wise	\$416
Average:		\$238,868
Median:	Rockbridge	\$127,979
Number of Localities Below Average:		55

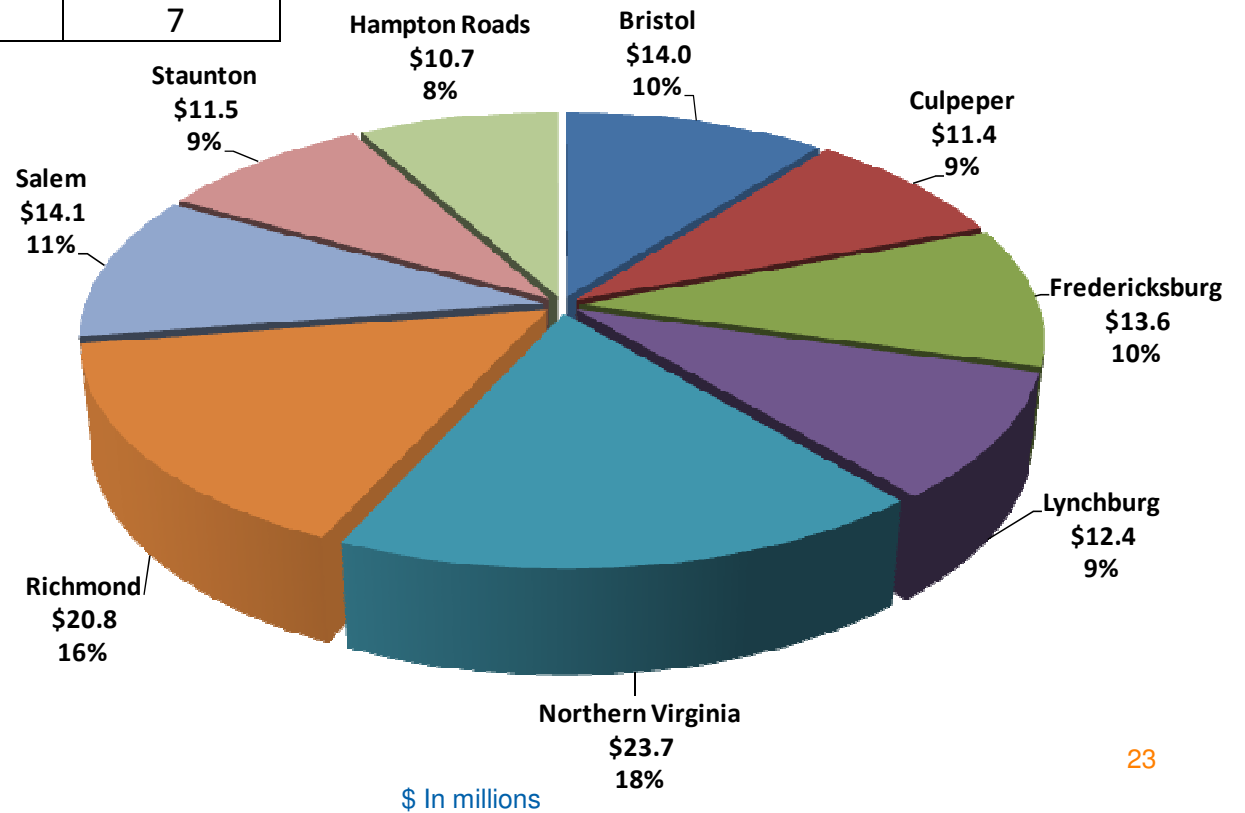


\$ In millions

Primary System Distribution

\$132.1 million

Greatest Share:	Northern Virginia	\$23,748,618
Smallest Share:	Hampton Roads	\$10,657,558
Average:		\$14,673,556
Median:	Fredericksburg	\$13,572,687
Number of Districts Below Average:		7

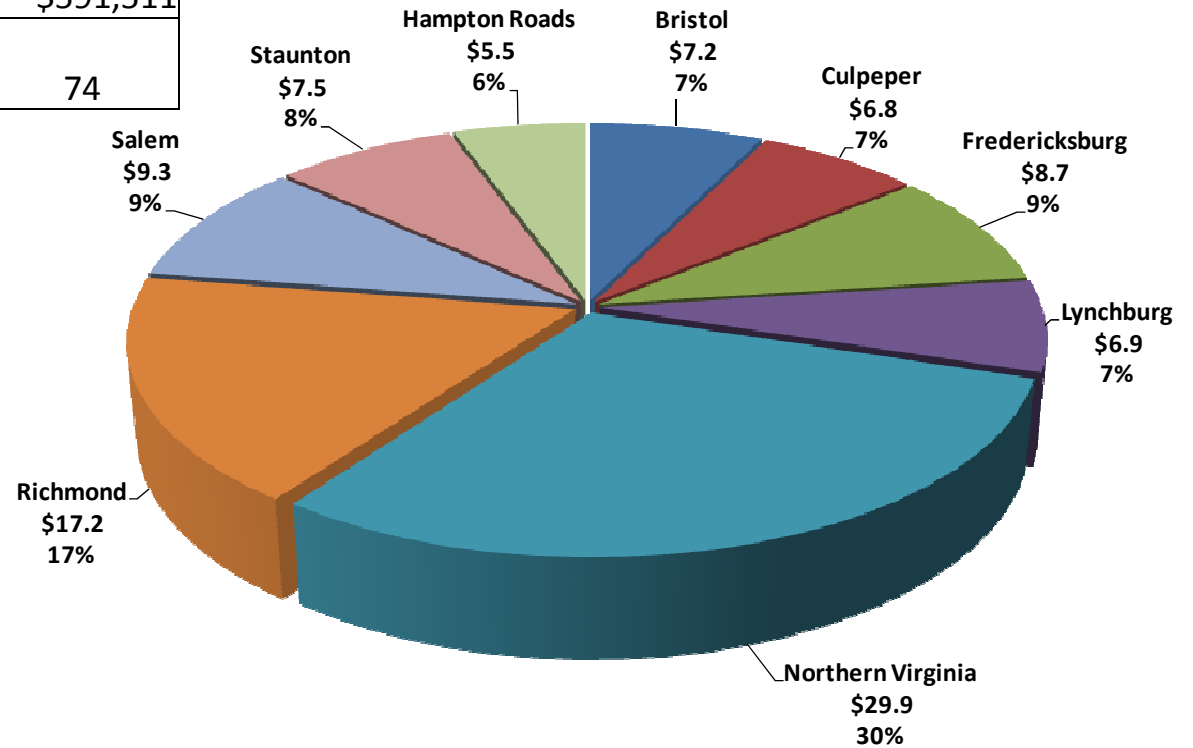


Secondary System Distribution

\$99.0 million

Secondary - 95 Counties

Greatest Share:	Fairfax	\$16,163,169
Smallest Share:	Craig	\$165,067
Average:		\$1,042,595
Median:	Brunswick	\$591,511
Number of Localities Below Average:		74



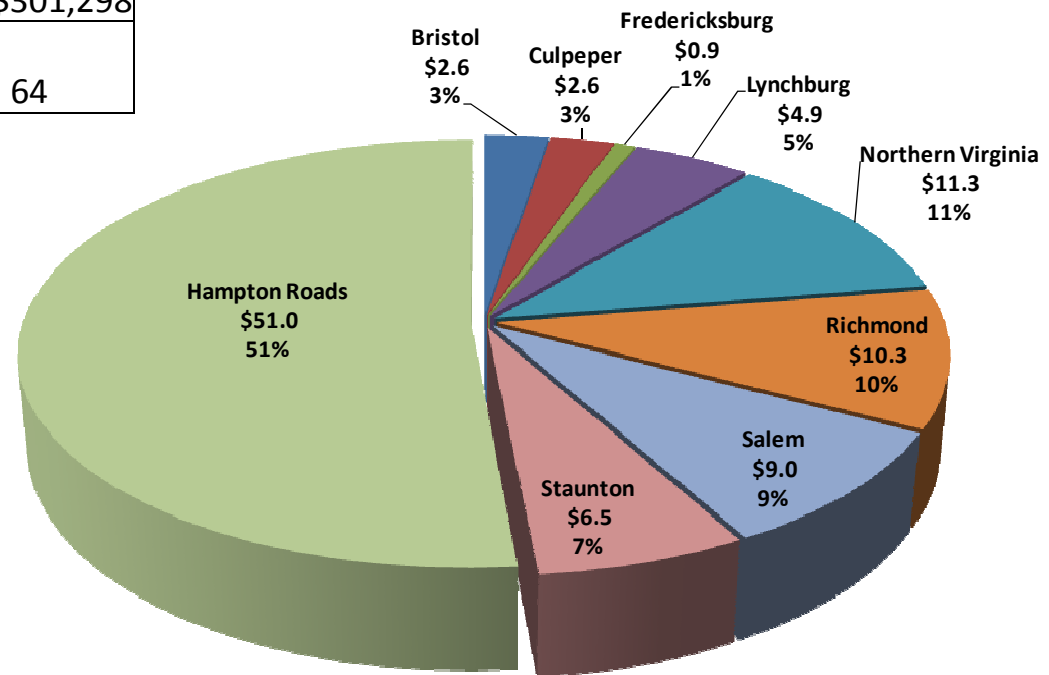
\$ In millions

Urban System Distribution

\$99.0 million

Urban - 81 Cities/Towns

Greatest Share:	Virginia Beach	\$15,377,162
Smallest Share:	Narrows	\$71,234
Average:		\$1,222,796
Median:	Franklin	\$301,298
Number of Localities Below Average:		64



\$ In millions

Summary of Distributions

District	Primary	Secondary	Urban	Unpaved	Total Share
Bristol	10.6%	7.3%	2.6%	18.7%	7.9%
Culpeper	8.6%	6.8%	2.6%	11.7%	6.6%
Fredericksburg	10.3%	8.7%	0.9%	6.0%	6.9%
Hampton Roads	8.1%	5.5%	51.5%	3.1%	19.4%
Lynchburg	9.4%	7.0%	4.9%	15.4%	7.8%
Northern Virginia	18.0%	30.2%	11.4%	5.1%	18.8%
Richmond	15.8%	17.4%	10.4%	8.4%	14.3%
Salem	10.6%	9.4%	9.1%	20.0%	10.4%
Staunton	8.7%	7.6%	6.6%	11.7%	8.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

The Future

- In 2001, Joint Legislative Audit and Review Commission (JLARC) conducted a study of Highway Construction and Transit funding and issued a report – *Equity and Efficiency of Highway Construction and Transit Funding*.
- Among the findings, JLARC reported:
 - *The current system for allocating construction funding seems outdated and needs to be revised to ensure that construction funds are equitably and efficiently allocated*
 - *The existing administrative system needs to be replaced with a road classification system based on the functional purpose of the roads and new funding regions created for purposes of allocating regional construction funds*
 - *Highway construction funds should be allocated proportionately among the statewide, regional, and local road systems based on need, with more funds targeted to highways of statewide significance*
- **JLARC's findings should be considered in determining how funds that may become available for formula distribution are utilized.**