



COMMONWEALTH of VIRGINIA

Office of the

SECRETARY of TRANSPORTATION

Transportation Revenues and Opportunities

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Opportunity Costs of COVID Pandemic

- From the start of the pandemic through FY27 state transportation revenues are down \$1.8 billion from March 2020 estimates
- General Assembly provided the Board with authority to take actions with the goals of—
 - Reducing impacts on then currently programmed projects fully funded in the SYIP
 - Allowing for phased implementation of the 2020 Governor's Omnibus Transportation Bill

Opportunity Costs of COVID Pandemic

- **Three-pronged approach to address significant reduction in anticipated revenues**
 - **Do not program increased revenues from December 2019 estimate in SYIP update**
 - **Reduce and phase-in new spending from Omnibus Transportation Bill**
 - **Use cash management strategy with Revenue Sharing Program balances**

Opportunity Costs of COVID Pandemic

- **\$600 million from Round 4 of SMART SCALE**
- **Delayed allocations of Revenue Sharing from year 1 to year 5 of Six-Year Improvement Program**
- **\$123 million from planned omnibus spending**
- **\$73 million from the Interstate Operations and Enhancement Program**
- **\$576 million from State of Good Repair**
- **\$185 million from transit, ports, and aviation**

What is the current situation?

- **FY21 state transportation revenue collections were \$365.8 million above of estimate**
 - **\$20.7 million is distributed to rail, port, aviation, VCFSA and DMV**
 - **\$345.1 million is distributed to the Priority Transportation Fund**
- **Transportation is supposed to receive 2/3s of undesignated General Fund surplus**
 - **Estimated to be \$115.8 million in FY21**
 - **Funds must be appropriated in Appropriations Act**

What is the current situation?

- **FY22 through FY27 state transportation revenue estimates will not be updated until December**
- **Federal infrastructure bill and ‘reauthorization’ proposal is pending in Congress**
 - **Current federal program expires at the end of the month**
 - **Action is anticipated prior to this expiration**
- **GF Surplus for transportation is subject to appropriation during the 2022 GA Session**

Discussion of Options

- **Appropriations Act prioritizes new spending from 2020 Omnibus Transportation Bill**
- **Revenue Sharing Program is funded with state transportation revenues – many projects are not eligible for federal transportation funds**
- **‘Super Deposit’ into Rainy Day Fund may be triggered**
 - **3-pronged test including 5% increase in anticipated revenues over previous year**
 - **December forecast will be used for determination**

Discussion of Options

- **Federal transportation funds are provided to the state through multiple programs with unique rules**
- **Code of Virginia requires more flexible programs to be distributed through the construction formula**
 - Today these funds represent ~82% of federal funds
- **Other funds are allocated using program specific processes**

Recommendations Moving Forward

- **Board should allocate FY21 CTF Surplus by December 2021**
- **Must wait for 2022 General Assembly Session to use FY21 GF Surplus for transportation**
- **Must wait for Congressional action prior to assuming the use of any additional federal funds beyond those already assumed in SYIP**

Recommendations Moving Forward – FY21 CTF Surplus

- **Use Appropriations Act authority, Item 430 P, to restore anticipated FY22 Omnibus spending**
 - \$39.8M for transit
 - \$10M for safety
- **Recommend Board select \$295M in priority projects from SMART SCALE Round 4 project list**
 - **Ensure equitable distribution of funds throughout the state through approximate use of DGP formula**
 - **SMART SCALE was subject to the single largest reduction in available funding**

Recommendations Moving Forward – Other Actions

- **If the December revenue forecast anticipates improved revenues then restore other program reductions**
 - Revenue Sharing, State of Good Repair, Interstate Operations and Enhancement
- **Revenue Sharing Program**
 - Determine what projects in the current round of Revenue Sharing are ‘ready-to-go’ and could spend the funds in the first 2-years of the program
- **Any additional flexible federal funds should be distributed pursuant to current Code requirements using the construction program**