Transportation

The Governor's recommended amendments for Transportation agencies result in a net reduction of $378.7 million NGF in FY 2003 and a net reduction of $64.2 million NGF in FY 2004. This total reflects new spending of $188.8 million, offset by $631.8 million in appropriation reductions.

The only major proposed appropriation increase in the Secretariat is a FY 2004 revenue adjustment of $180.7 million NGF for VDOT, reflecting the December 2002 revised transportation revenue forecast developed by the Department of Taxation. However, reductions of $477 million over the biennium, which reflect changes between the December 2001 estimate and the interim forecast more than offset these increases.

The preponderance of appropriation reductions for Transportation agencies are technical, and reconcile Chapter 899 with the Six Year Improvement Program and VDOT budget approved by the Commonwealth Transportation Board in June 2002. Except for targeted administrative reductions described below, they do not represent actual reductions in the VDOT or other modal agency programs or reduce any planned construction or maintenance expenditures. Instead, these adjustments bring the current Appropriation Act, which was developed based on the December 2001 transportation revenue forecast, in line with the adjustments to the federal and state transportation revenues that have been made since that time.

In addition to the technical revenue adjustments, targeted savings of $112.2 million NGF are generated by Transportation agencies over the biennium. The largest reductions are those applied to VDOT, totaling $63.5 million over the biennium through a number of administrative efficiencies, largely in the area of information systems.

The Department of Motor Vehicles faces reductions of $12.8 million in FY 2003 and a proposed $24.5 million in FY 2004. These reductions are generated from reducing direct customer services, including closing 12 customer service centers across the state and closing the remaining centers on Wednesdays. DMV also will implement a number of other administrative savings, including the cumulative reduction of 346 positions and 579 layoffs.

As well as the appropriation reductions contained in the agency budgets, a series of amendments is included to capture anticipated savings from the Governor's Information Technology initiative. A total of $11.5 million is transferred from transportation agencies to the general fund in Part 3 to reflect these proposals. Of this total, $1.8 million would be transferred from DMV and $9.4 million from VDOT.

- **Secretary of Transportation**

  – ***Reports to the General Assembly.*** Proposes language which would consolidate a number of existing requirements in the Appropriation Act regarding the reporting of transportation funding information to the General Assembly.

  – ***Air Quality Nonconformity Language.*** Proposes language authorizing transportation funding allocated to any region determined to be out of compliance with Clean Air Act requirements to be used for all federally eligible activities. Language is intended to guarantee that if any region is deemed to be out of conformity, funds will not be transferred to other areas of the Commonwealth contrary to the existing allocation formulas.

  – ***Development of Debt Policy.*** Includes language directing the Secretary of Transportation to develop a debt capacity model for transportation in coordination with the State Debt Capacity Advisory Committee and report the recommended model to the General Assembly by January 1, 2004. This language is in support of recommendations made by the Auditor of Public Accounts.

- **Department of Aviation**

  – ***Governor's October Reductions.*** Nongeneral fund appropriations are reduced by $3.1 million the first year and $3.4 million the second year with savings transferred to the general fund. This represents a 15 percent across-the-board reduction, with no exemptions. The majority of the savings is based on reducing the airport capital improvement program ($2.6 million in FY 2003 and $2.8 million in FY 2004). These reductions will result in the elimination of one position and no layoffs.

  – ***Reduce Support for Metropolitan Washington Airports Authority and Metropolitan Washington Airports Task Force.*** Reduces support for the Metropolitan Washington Airports Task Force by 50 percent each year, for a total reduction of $500,000 over the biennium. Also includes language reducing the transfer to MWAA each year by $300,000, representing a reduction of 15 percent.

– ***Reconcile Appropriations to June 2002 Transportation Revenue Estimate***. The Department of Aviation's Transportation Trust Fund appropriation is reduced $899,600 in the first year and $869,900 in the second year to reflect updates to the revenue estimate that have occurred since the passage of Chapter 899.

– ***Capture Balances from Aviation Special Fund.*** Language is included in Part 3 transferring $2.3 million of outstanding aviation special fund balances to the special fund in FY 2003. None of these funds had been committed to projects.

- **Department of Motor Vehicles**

– ***Governor's October Reductions.*** Nongeneral fund appropriations are reduced $12.8 million the first year and a proposed $24.5 million the second year with savings transferred to the general fund. These reductions result in the elimination of 346 positions and 579 layoffs. These amounts reflect $6.4 million less in savings over the amounts released by the Governor in October. The remaining savings are garnered through Part 3 transfers to the general fund. The major strategies are outlined below.

  - **Customer Service Centers**. Agency closed 12 of its 74 customer service centers across the state, resulting in the termination of 121 full-time and 25 wage position layoffs. Savings are estimated at $2.0 million the first year, and $5.0 million the second year.

    DMV's remaining customer service centers will be closed on Wednesdays for a savings of $3.0 million the first year and $4.4 million the second year. Also eliminated were the mobile service centers for a savings of $86,000 the first year and $445,000 the second year.

  - **Acceleration of Weigh Station Reductions.** DMV accelerated planned weigh station closures and reductions in the hours of operations at other stations to November 2002 for a savings of $600,030 the first year and $401,222 the second year.

  - **Reductions in Local Aid.** Recommends reductions in local aid of 10 percent the first year and 13 percent the second year for abandoned vehicle payments, and mobile home sales and use payments. Proposed savings total $1.2 million in FY 2003 and $1.6 million in FY 2004. The Governor's October reductions also proposed reducing rental vehicle tax payments to localities by 10 percent in FY 2004 and 13 percent in FY 2004. The Budget Bill instead reduces appropriations for this program by 5 percent the first year and 6.5 percent the second year. Part 3 language is included transferring DMV's share of rental vehicle tax payments to the General Fund.

- **Credit Card Fee.** The credit card fee currently absorbed by the agency for internet transactions is to be passed on to the customers in order to cover costs for that service. Savings would total $337,550 in the first year and $800,000 in the second year.

- **Administrative Savings.** Remaining savings generated by proposed October reductions will be accomplished through a variety of administrative and headquarters savings, including the elimination of 194 headquarters positions, elimination of contract employees, turnover and vacancy savings, reductions in operating, telecommunication, travel, mailing and other expenses.

– ***Sale of Property.*** Includes language directing the proceeds from the sale of the three closed customer service centers owned by the Commonwealth and the mobile customer service units to the general fund. It is estimated that the sale of the Sterling, Norfolk Military Circle, and Northern Virginia Dealer Center branches as well as the mobile units would generate $2.7 million.

– ***Increase License Reinstatement Fee.*** Includes language increasing the fee for reinstating suspended or revoked licenses from $30 to $40. This increase is estimated to generate $200,000 in FY 2003 and $2.5 million in FY 2004. The Governor proposes to use the additional revenues to reinstate some DMV services eliminated by his October reductions.

– ***Proposals to Reinstate Services***. Proposes to utilize revenues generated from the increased license reinstatement fee to provide $1.1 million for the expanded use of license agents, $336,850 for new mobile drivers license teams, $825,000 for self-service terminals to be installed at existing customer service centers and $300,000 to reopen the Aldie truck weigh station in Loudoun County.

– ***Use of Local Constitutional Officers as License Agents.*** Includes language authorizing DMV to enter into agreements with any local constitutional officer to act as license agents for the Department. Any compensation due would be transferred to the Compensation Board. These license agents would be authorized to process title, registration, license plate, permit, handicapped parking, voter registration, driver transcript, dealer work and address changes. The license agents would not be authorized to issue drivers licenses.

– ***Direct DMV's Portion of Rental Tax Revenues to the General Fund.*** Proposed language would direct DMV to transfer the 3 percent share of the rental tax dedicated to DMV by the Code of Virginia to the general fund, estimated at $21.7 million in FY 2004.

- **Department of Rail and Public Transportation**

– ***Governor's October Reductions.*** Nongeneral fund appropriations are reduced $487,524 the first year and $518,494 the second year with savings transferred to the general fund. This represents a 15 percent reduction to non-grant programs each year. The savings are achieved largely through administrative savings, including reductions in travel, training, consultants, and turnover and vacancy savings. The October reductions result in the elimination of one position and require no layoffs.

– ***Reconcile Appropriations to June 2002 Transportation Revenue Estimate***. The rail and public transportation appropriations included in Chapter 899 were based upon the December 2001 transportation revenue forecast. Subsequent to that time, the estimate of available state and federal revenues was reduced. The FY 2002-2008 Six-Year Improvement Program and DRPT budget approved by the Commonwealth Transportation Board in June 2002 were based on the lower revenue estimates. This action would reduce DRPT's NGF appropriations by $23.8 million in FY 2003 and $16.7 million in FY 2004 to correspond with the adopted budget and program.

– ***Reflect Federal Highway Revenues Appropriated for Mass Transit.*** Adjusts the DRPT appropriation to reflect $8.2 million NGF of federal highway revenue that is administered and expended by DRPT.

– ***Dulles Corridor Project Positions.*** Proposes to transfer five existing VDOT positions to the Department of Rail and Public Transportation to manage the Tysons/Dulles Corridor rail and bus rapid transit project.

- **Department of Transportation**

  – ***Reconcile Appropriations to June 2002 Transportation Revenue Estimate***. The transportation appropriations included in Chapter 899 were based upon the December 2001 transportation revenue forecast. Subsequent to that time, VDOT substantially reduced its estimate of available state and federal revenues. The FY 2002-2008 Six-Year Improvement Program and VDOT budget approved by the Commonwealth Transportation Board in June 2002 were based on the lower revenue estimates. This action would reduce VDOT's NGF appropriations by $309.8 million in FY 2003 and $167.2 million in FY 2004 to correspond with the adopted VDOT budget and program.

  – ***Reflect Revised December 2002 Transportation Revenue Estimate.*** The Department of Taxation's recent revenue forecast for transportation revenue results in a $180.7 million increase in anticipated Highway Maintenance and Operating Fund and Transportation Trust Fund revenues over the biennium when compared to the spring 2002 revenue estimate. The forecasted funds are all appropriated in the second year.

  – ***Governor's October Reductions.*** Nongeneral fund appropriations are reduced $15.0 million the first year and $16.8 million the second year with savings transferred to the general fund. This represents a reduction of 13.9 percent in FY 2003 and 14.2 percent in FY 2004. The reduction targets apply only to VDOT's administration and support services programs; maintenance, construction, and aid to localities were exempted. The October proposals did not result in any position eliminations or layoffs. The major strategies utilized are outlined below.

    - Information technology consultant and other costs reduced $15.6 million over the biennium.

    - Reduced use of contract employees and turnover and vacancy savings total $8.3 million over the biennium.

- Seat-management contract renegotiated for a savings of $1.6 million over the biennium.

- Miscellaneous administrative efficiencies implemented to achieve savings of 6.3 million over the biennium.

– ***Other Targeted Reductions.*** In addition to the administrative reductions proposed in October, the Governor proposes an additional $10.6 million of targeted reductions in FY 2003 and $21.1 million of targeted reductions in FY 2004. These savings are transferred to the general fund in Part 3. The major strategies are outlined below. In combination with the October reductions, this results in reductions of $63.5 million to VDOT's administrative and operational programs.

  - Terminate contract with private consultant for the Integrated Condition Assessment System (ICAS) for a savings of $4.0 million in FY 2003 and $7.8 million in FY 2004.

  - Eliminate the sheet metal, carpentry and automotive shops for a savings of $374,248 in FY 2003 and $748,496 in FY 2004. This action includes the elimination of 18 positions.

  - Reduce funding for the traffic management system, an expired federal mandate regarding traffic information systems for a savings of $1.9 million in FY 2003 and $3.8 million in FY 2004.

  - Reduce use of safety service patrols in non-peak travel hours for a savings of $2.0 million in FY 2003 and $4.0 million in FY 2004.

  - Utilize turnover and vacancy savings of $2.3 million in FY 2003 and $4.6 million in FY 2004. This includes the elimination of 100 vacant positions from VDOT's maximum employment level.

– ***Establish Cash Reserve.*** Includes language authorizing the Governor to adjust the amounts appropriated among the VDOT programs for the purpose of establishing a cash reserve account. The Auditor of Public Accounts has recommended that VDOT establish a revenue reserve fund to protect from future cash shortfalls resulting from inaccurate revenue forecasts and/or cost estimates.

- **Motor Vehicle Dealer Board**

  – ***Governor's October Reductions.*** Nongeneral fund appropriations are reduced $207,450 the first year and $207,800 the second year with savings transferred to the general fund. This represents a reduction of 15 percent each year in FY 2003 and 14.2 percent in FY 2004. The majority of the savings result from the elimination of four positions and six layoffs. A 10-day furlough also is implemented in the first year.

  – ***Eliminate Payments into Motor Vehicle Transaction Recovery Fund.*** Includes language eliminating the required dealer payments into the Motor Vehicle Transaction Recovery Fund and directs the Board to develop requirements for dealers to obtain bonds to cover judgments previously paid out of the fund.

- **Virginia Port Authority**

  – ***Governor's October Reductions.*** Nongeneral fund appropriations are reduced $1.1 million the first year and $1.3 million the second year with savings transferred to the general fund. This represents a reduction of 15 percent each year of nonexempted programs. Almost 85 percent of the VPA's budget was exempted including amounts dedicated to debt service and revenues from Virginia International Terminal. The October reductions did not result in any position eliminations or layoffs. The major strategies utilized including deferring maintenance and equipment replacement, reducing commercial advertising and marketing travel expenses, and reducing port grants to localities by $220,000, or 27.5 percent in the second year.

  – ***Authorize Issuance of $50.0 million Port Facilities Revenue Bonds***. To be used for Phase 2 of the Norfolk International Terminal South backlands regrade and reconstruction. Debt service estimated to be $3.0 million in the second year would be paid from the Port Authority's existing special revenue funds.