

# WV DEPARTMENT OF TRANSPORTATION

## STATE ROAD FUND

### *FUNDING SOURCES & BUDGETING*



# DO YOU KNOW?

- WV is one of only 4 states that has jurisdiction over both state and county roads
- Leads the U.S. in percentage of highway miles that are state-maintained
  - 92 percent (nearly 36,000 miles)
  - 6<sup>th</sup> largest state-maintained highway network in country
  - Approximately 26,000 miles are not eligible for federal funding
  - 35,000 miles are classified as rural

**West Virginia ranks second-to-last in the country in capital investment per state-maintained mile—\$7,594 per lane mile compared to a \$23,967 national average.**

**A November 2004 report\* rated 10% of West Virginia's roads in poor condition, with an additional 26% in mediocre condition.**

**The report\* also rated 37% of state bridges in substandard condition, 15% as structurally deficient and 22 % as functionally obsolete.**

***\* The Road Information Program (TRIP), a nonprofit research group***

**At 2.19 per 100 million vehicle miles, West Virginia's traffic fatality rate is nearly 50% higher than the national average of 1.50.**

**West Virginia leads the country in percentage of narrow lanes—67% of its major roads have lanes less than 10 feet wide.**

# SOURCE OF FUNDS

- General Revenue (DOH gets ZERO)
- Special Revenue
  - Has dedicated revenue sources
  - Established for a specific purpose
  - May be constitutionally protected
- Federal Revenue

# SPECIAL REVENUE FUNDS ADMINISTERED BY DOH

- Industrial Access Road Fund (Fund 9040)
- Coal Resource Transportation System (CRTS) Fund (Fund 8330)
- Flood Funds (FEMA and FHWA “ER”) (too many!)
- Bond Sales (none currently)
- A. James Manchin Fund (Waste Tires) (Fund 8319)
- State Road Fund (Fund 9017 (DOH) & 9007 (DMV))

# STATE ROAD FUND

- Constitutionally protected
- Self-Supporting (Dedicated Revenue Sources)
- Funds operations of the DOH and most of DMV
- Funds Specialized Infrastructure Projects
- Funds legislatively-directed transfers
- Can only be expended through legislatively approved appropriation (contained in State Budget Bill)

# STATE ROAD FUND REVENUES

- Constitutionally Dedicated Tax Revenues
- Miscellaneous State Income
- Federal Reimbursement



# DEDICATED TAX REVENUES

- Motor Fuel Taxes, Privilege Tax, Registration Fees, Litter Control Fee
- Fuel Taxes: Currently \$.31 / gallon
  - Flat Rate = \$.205
  - Variable Wholesale Component = \$.01  
(changes January 1<sup>st</sup> of each year)
- Privilege Tax: 5% of net purchase price of vehicle

**COMPARISON OF GAS TAXES  
WEST VIRGINIA AND SURROUNDING STATES**

**CENTS/GALLON**

<b>West Virginia</b>	<b>31</b>
<b>Kentucky</b>	<b>18.5</b>
<b>Maryland</b>	<b>23.5</b>
<b>Ohio</b>	<b>28</b>
<b>Pennsylvania</b>	<b>31.5</b>
<b>Virginia</b>	<b>19</b>

# DEDICATED TAX REVENUES

(continued)

- Registration Fees: Vehicle licenses, driver licenses, dealers and wreckers licenses, etc. (Prices vary according to category.)
- Litter Control Fee: \$1.00 on each vehicle registration
- Stagnant revenues forecasted through FY2007 and will drop thereafter unless legislature renews the last \$.05 cent tax increase (first enacted in 1993)

# MISCELLANEOUS REVENUES

- Interest on Investments
- Sales to Outside Agencies
- Salvage Yard Fees
- Outdoor Advertising Fees
- Permit Sales

**State Road Fund  
State Revenues by Source  
(Expressed in Thousands)**

	FY 2002 Actual Collections	FY 2003 Actual Collections	FY 2004 Actual Collections	FY 2005 Actual Collections	FY 2006 Revised Estimate	FY 2007 Estimate	FY 2008 Estimate	FY 2009 Estimate
<b>Tax Revenues:</b>								
Motor Fuel Taxes	\$303,371	\$289,173	\$309,318	\$311,625	\$315,000	\$290,000	\$295,000	\$260,000
Registration Fees	85,929	86,238	83,146	88,074	88,242	88,008	91,067	91,492
Highway Litter Control	1,744	1,595	1,578	1,856	1,669	1,664	1,723	1,731
Privilege Tax	172,472	167,723	176,700	176,495	176,080	175,686	175,334	175,018
Less Transfer to Industrial Access Road Fund	(3,511)	(2,294)	(2,948)	(2,424)	(3,000)	(3,000)	(3,000)	(3,000)
<b>Total Tax Revenues</b>	\$560,005	\$542,435	\$567,794	\$575,626	\$577,991	\$552,358	\$560,124	\$525,241
<b>Miscellaneous Revenues</b>	7,802	6,461	5,726	13,212	11,268	8,000	8,115	8,227
<b>Total State Revenues</b>	<b>\$567,807</b>	<b>\$548,896</b>	<b>\$573,520</b>	<b>\$588,838</b>	<b>\$589,259</b>	<b>\$560,358</b>	<b>\$568,239</b>	<b>\$533,468</b>

# FEDERAL FUNDS

- Provided by Congress through passage of multi-year authorization
- Received strictly on a reimbursement basis
- Eligible projects must be approved by FHWA
- Routine maintenance is NOT eligible
- Equipment purchases are NOT eligible

# ESTABLISHMENT OF YEARLY BUDGET

- Per WV State Code next fiscal year must be submitted by September 1 of the current fiscal year
- Hard to do because DOH operations are heavily influenced by weather
- Beginning State Road Fund equity balance
- Plus projected revenues
- Prioritize projected expenditures
  - Pay debt service (MANDATORY)
  - Match all available federal funds
  - Pay BRIM, PEIA, Workers Compensation, etc.
  - Fund general operations (HR, Finance, Legal, etc.)
  - Fund routine county maintenance

# ESTABLISHMENT OF YEARLY BUDGET

(continued)

- Prioritize projected expenditures (continued)
  - Fund rolling stock equipment purchases
  - Fund Division of Motor Vehicles operations
  - Fund other expenditures to the extent possible
    - System Preservation
    - System Improvements
- Projected ending State Road Fund equity balance must be sufficient to permit timely payment of all invoices and payrolls.



# HOW EXPENSIVE ARE SOME ITEMS?

## DOH Costs Only

	<b>ACTUAL FY2004</b>	<b>ACTUAL FY2005</b>	<b>BUDGETED FY2006</b>
<b>PEIA Premiums</b>	\$29,520,000	\$30,276,000	\$35,783,000
<b>Workers Comp Premiums</b>	9,898,000	9,947,000	10,506,000
<b>Public Employees Retirement</b>	17,721,000	17,450,000	19,152,000
<b>Social Security (FICA)</b>	12,856,000	12,608,000	13,953,000
<b>PEIA Reserve 1% Transfer</b>	1,284,000	1,281,000	1,785,000
<b>Administrative Fees</b>	1,193,000	1,164,000	1,281,500
<b>BRIM Premiums</b>	4,737,000	5,211,000	5,333,000
<b>TOTAL</b>	<b>\$77,209,000</b>	<b>\$77,937,000</b>	<b>\$87,793,500</b>

# MAINTENANCE APPROPRIATION

- Components
  - Annual Plan
  - Support Overhead
  - Routine Authorizations
    - Expressway Lighting
    - Tunnel Maintenance
    - Herbicide Spraying
    - Central Sign Shop
    - Statewide Overlay Settlements
  - Renovation Projects

# **FY2006 STATE ROAD FUND EXPENDITURES (in millions)**

• <b>Debt Service</b>	<b>\$ 43</b>
• <b>Required Set-Asides</b>	<b>\$ 45</b>
• <b>Routine Highway Maintenance</b>	<b>\$228</b>
• <b>Administrative Support</b>	<b>\$ 64</b>
• <b>State Matching Funds</b>	<b><u>\$ 83</u></b>
• <b>Total</b>	<b>\$463</b>

# **FY2006 STATE-FUNDED IMPROVEMENT BUDGET (in millions)**

- **Construction** **\$ 25**
  - **Renovation** **\$ 30**
  - **Contract Paving** **\$ 50**
  - **Bridge Repair & Replacement** **\$ 30**
  - **Total State-Funded Improve.** **\$135**
- 
- **The funds for the \$6 million in excess expenditures are taken from fund equity.**

# **IMPROVEMENTS: HIGHWAY CLASSIFICATION VS. FY2006 EXPENDITURE RATE**

<b>• Classification</b>	<b>Miles</b>	<b>Budget</b>
<b>• State</b>	<b>25,348</b>	<b>\$135 M</b>
<b>• FA</b>	<b>10,351</b>	<b>\$511 M</b>