

Transportation Revenue Overview

January 2024

Senate Committee on Transportation
Chris Rupe, Associate Fiscal Officer
January 10, 2024



Outline

- Where have we been?
- Where are we now?
- Where are we headed?



Where Have We Been?

Developments Since Adjournment



FY 2023 Close

- FY 2023 T-Fund revenues fell short of forecast by \$3.93 million (-1.3%).
- T-Fund revenues still grew modestly year over year – but less than expected.
- T-Fund ended with a \$25.98 million balance, which rolled over to pay for FY 2024 (NOT “free money” – it’s already spoken for this year). Positive balance largely due to reversions (\$20.7M at BAA, plus \$14.1M at FY 23 close).

Vermont Transportation Fund Operating Statement	FY2022 Final	FY2023 Final
Revenues		
Current Law Revenues	287,846,728	295,139,681
Prior Year Refund of Expenditures	530,210	5,546
New Revenue	-	-
Federal Reimbursements	18,081,251	3,120,413
Est. Reversions	-	-
Current Year Reversions	-	-
Direct Applications & Reversions	-	-
Total Revenue	306,458,188	298,265,640
Carry forward balance	28,594,984	15,342,989
Total State Funds	335,053,172	313,608,629
Appropriations		
AOT Appropriations	282,190,668	299,059,742
Waterfall appropriations	-	-
Information Centers	3,911,594	4,059,343
Pay Act / FY11 27th Payroll	4,250,000	1,502,420
Transportation Debt Service	521,606	502,135
JTOC Appropriations	20,250,000	20,250,000
Contingent Approps / Ex Receipts	-	-
Other appropriations	-	-
Current Year Reversions/Rescissions	(3,933,027)	(34,787,029)
Net Budget Adjustments	-	(6,700,000)
Total Appropriations	307,190,841	283,886,611
Pre-Transfer balance	27,862,331	29,722,018
Transfers		
Transfer (to)/from General Fund		
Transfer (to)/from Downtown Fund	(4,023,966)	(523,966)
Transfer (to)/from Central Garage Fund	(1,428,431)	(1,557,843)
Transfer (to)/from Other Reserves	-	-
Transfer (to)/from Recreational Trail Fund	(370,000)	(370,000)
Transfer (to)/from Other funds	(4,708,271)	148,336
Transfer (to)/from Stabilization Reserve	(1,988,675)	(1,434,119)
Transfer (to)/from Vision Reserve	-	-
Transfer (to)/from Bond Reserve	-	-
Closing Recon Entries	-	-
Transfer (to)/from Bridge Fund	-	-
Net Transfers	(12,519,343)	(3,737,592)
Ending Balance	15,342,989	25,984,426
Bond Reserve	-	-
Stabilization Reserve Balance	13,925,423	15,359,542
5% Maximum Balance	13,925,423	15,359,542
Reserve Balance vs Maximum	-	-

Transportation Fund Revenues			FY23 Monthly		Cumulative Year to Date		vs	vs	12 Month Sum
Jun-23	Jun-23	Target	vs Target\$	vs Target %	Jun-23	Target	Target \$	Target %	Year-over-Year
Gasoline tax + assessment	6,234,341	6,042,449	191,892	3.2%	73,841,283	74,200,000	-358,716	-0.5%	2.7%
Diesel fuel tax	1,594,293	1,786,760	-192,467	-10.8%	17,621,561	18,700,000	-1,078,439	-5.8%	-3.7%
MV Purchase & Use tax	9,695,935	11,635,180	-1,939,245	-16.7%	94,778,202	97,266,667	-2,488,465	-2.6%	3.7%
Motor Vehicle Fees	8,943,170	9,587,972	-644,802	-6.7%	87,507,712	87,800,000	-292,288	-0.3%	1.8%
Other fees & taxes	2,046,937	2,014,713	32,224	1.6%	21,390,923	21,100,000	290,923	1.4%	5.3%
Total	28,514,676	31,067,073	-2,552,398	-8.2%	295,139,681	299,066,667	-3,926,986	-1.3%	2.5%
Month	Monthly Actual	Jan 2023 Forecast	Actual - Forecast	Cum vs Forecast	June T-Fund collections fell significantly short of the monthly target by - \$2.6 million (-8.2%). Most of this shortfall is due to weaker than expected Purchase & Use and DMV fee collections. The T-Fund ended FY 2023 with cumulative collections -\$3.9 million (-1.3%) below the January 2023 forecast for the year (which was downgraded by \$1.0 million compared to the July 2022 forecast). Weaker than expected diesel and Purchase & Use collections were responsible for \$3.6 million of this yearly shortfall. Despite falling short of target for FY 2023, T-Fund revenues increased modestly (+2.5%) compared to a year ago, with all major categories except diesel showing growth in the sums of their prior 12-month collections.				
Jul-22		23,552,235							
Aug-22		27,002,063							
Sep-22		24,436,353							
Oct-22		27,126,392							
Nov-22		23,473,908							
Dec-22		24,301,645							
Jan-23	22,838,454	21,662,607	1,175,847	1,175,847					
Feb-23	19,403,265	19,039,251	364,014	1,539,861					
Mar-23	25,025,388	24,960,795	64,594	1,604,454					
Apr-23	23,245,817	26,234,990	-2,989,173	-1,384,719					
May-23	26,219,486	26,209,355	10,130	-1,374,588					
Jun-23	28,514,676	31,067,073	-2,552,398	-3,926,986					
Sum		299,066,667	-3,926,986						



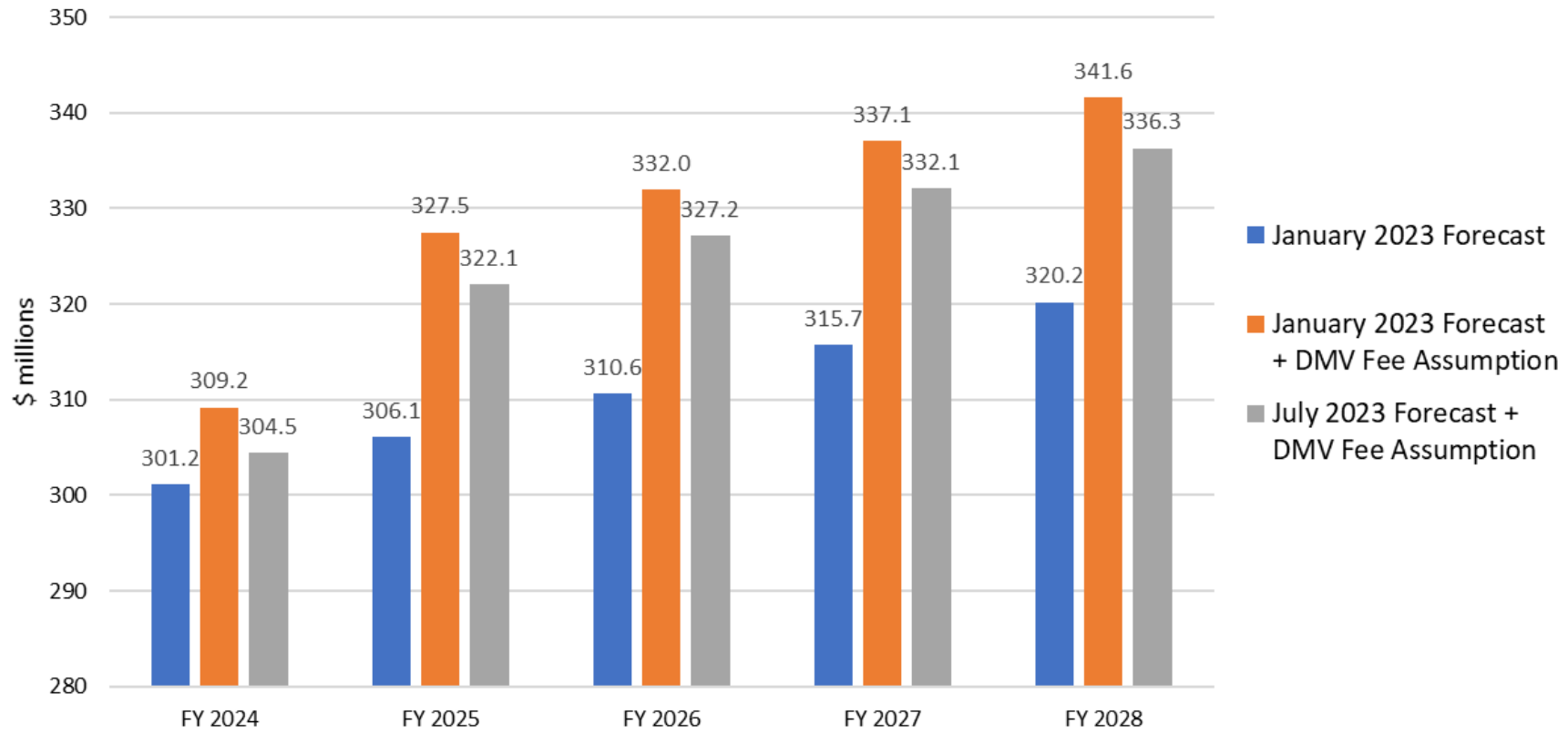
July 2023 Consensus Revenue Forecast Update

When an upgrade is really a downgrade...

- The FY 2024 budget assumed that DMV fee increases (set to take effect 1/1/24) would generate \$8 million of new T-Fund revenue above a “base” of \$301.2 million, per the January 2023 forecast.
- The July 2023 forecast assumed that the 2024 DMV fee increases will yield \$21.4 million of additional annualized revenue, reported into the following major categories:
 - DMV Fees: +\$16.6 million
 - P&U Tax from higher “truck cap”: +\$1.2 million
 - Other Revenue: +\$3.6 million
- However, weakness in the underlying T-Fund revenue base led to downgrades that cut into these anticipated gains from the fee increases. The result is a smaller upgrade than anticipated.
- The TIB Fund forecast was downgraded for most years.
- **Net of all T-Fund and TIB Fund sources, from FY 2023 (actuals) through FY 2026, cumulative transportation revenues are now expected to be \$19 million less than anticipated when the FY 2024 budget was adopted – which is roughly \$5 million less revenue annually in FY 2024-2026 than was expected in January.**



Transportation Fund Revenue Forecast Changes (2023)



Transportation Fund Revenue Forecast					TIB Fund Revenue Forecast				
	January 2023 Forecast	January 2023 Forecast + DMV Fee Assumption	July 2023 Forecast + DMV Fee Assumption	Change in Expectations		January 2023 Forecast	July 2023 Forecast	Change in Expectations	Net Changes
FY 2024	301.2	309.2	304.5	-4.7	FY 2024	19.3	18.8	-0.5	-5.2
FY 2025	306.1	327.5	322.1	-5.4	FY 2025	18.3	18.7	0.4	-5.0
FY 2026	310.6	332.0	327.2	-4.8	FY 2026	18.5	18.0	-0.5	-5.3
FY 2027	315.7	337.1	332.1	-5.0	FY 2027	19.0	18.1	-0.9	-5.9
FY 2028	320.2	341.6	336.3	-5.3	FY 2028	19.3	18.2	-1.1	-6.4



TRANSPORTATION FUND	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Gasoline					
January 23 Forecast	73.3	73.1	72.5	71.9	71.0
July 23 Forecast	71.2	70.9	70.5	69.9	69.0
Change	-2.1	-2.2	-2.0	-2.0	-2.0
	-2.9%	-3.0%	-2.8%	-2.8%	-2.8%
Diesel					
January 23 Forecast	18.8	19.0	19.3	19.5	19.7
July 23 Forecast	18.0	17.9	17.8	17.7	17.6
Change	-0.8	-1.1	-1.5	-1.8	-2.1
	-4.3%	-5.8%	-7.8%	-9.2%	-10.7%
Purchase & Use					
January 23 Forecast	98.8	101.9	105.1	108.7	112.2
July 23 Forecast	97.7	101.8	106.0	109.8	113.5
Change	-1.1	-0.1	0.9	1.1	1.3
	-1.1%	-0.1%	0.9%	1.0%	1.2%
DMV Fees					
January 23 Forecast	88.6	89.9	90.9	92.1	93.1
July 23 Forecast	94.4	105.6	106.3	107.4	108.2
Change	5.8	15.7	15.4	15.3	15.1
	6.5%	17.5%	16.9%	16.6%	16.2%
Other Revenue					
January 23 Forecast	21.7	22.2	22.8	23.5	24.2
July 23 Forecast	23.2	25.9	26.6	27.3	28.0
Change	1.5	3.7	3.8	3.8	3.8
	6.9%	16.7%	16.7%	16.2%	15.7%
TOTAL T-FUND REVENUE					
January 23 Forecast	301.2	306.1	310.6	315.7	320.2
July 23 Forecast	304.5	322.1	327.2	332.1	336.3
Change	3.3	16.0	16.6	16.4	16.1
	1.1%	5.2%	5.3%	5.2%	5.0%

TIB FUND	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Gasoline					
January 23 Forecast	17.3	16.2	16.4	16.9	17.2
July 23 Forecast	16.9	16.8	16.1	16.2	16.3
Change	-0.4	0.6	-0.3	-0.7	-0.9
	-2.3%	3.7%	-1.8%	-4.1%	-5.2%
Diesel and Other					
January 23 Forecast	2.00	2.10	2.10	2.10	2.10
July 23 Forecast	1.94	1.94	1.93	1.92	1.91
Change	-0.06	-0.16	-0.17	-0.18	-0.19
	-3.0%	-7.6%	-8.1%	-8.6%	-9.0%
TOTAL TIB REVENUE					
January 23 Forecast	19.3	18.3	18.5	19.0	19.3
July 23 Forecast	18.8	18.7	18.0	18.1	18.2
Change	-0.5	0.4	-0.5	-0.9	-1.1
	-2.6%	2.2%	-2.7%	-4.7%	-5.7%

TOTAL TRANSPORTATION FUNDS	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
T-FUND + TIB FUND					
January 23 Forecast	320.5	324.4	329.1	334.7	339.5
July 23 Forecast	323.3	340.8	345.2	350.2	354.5
Change	2.8	16.4	16.1	15.5	15.0
	0.9%	5.1%	4.9%	4.6%	4.4%



Where Are We Now?

FY 2024 to date



FY 2024 Thus Far

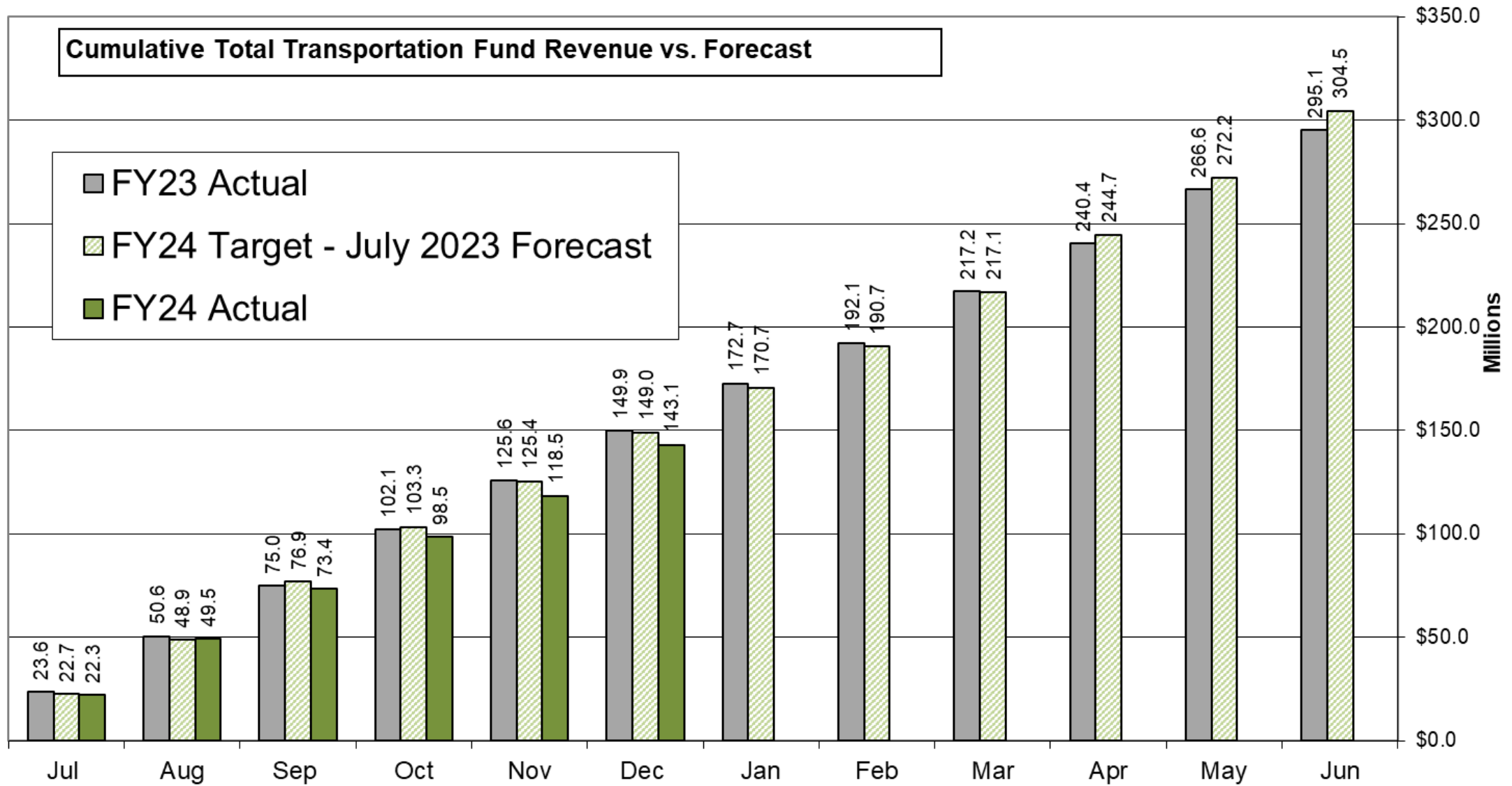
Vermont Transportation Fund Operating Statement	FY2023 Final	FY 2024 As Passed (July 23 Forecast)
Revenues		
Current Law Revenues	295,139,681	304,500,000
Prior Year Refund of Expenditures	5,546	
New Revenue		
Federal Reimbursements	3,120,413	
Est. Reversions		
Current Year Reversions		
Direct Applications & Reversions		
Total Revenue	298,265,640	304,500,000
Carry forward balance	15,342,989	25,984,426
Total State Funds	313,608,629	330,484,426
Appropriations		
AOT Appropriations	299,059,742	304,753,571
Waterfall appropriations		
Information Centers	4,059,343	4,235,134
Pay Act / FY11 27th Payroll	1,502,420	2,500,000
Transportation Debt Service	502,135	327,405
JTOC Appropriations	20,250,000	20,250,000
Contingent Approps / Ex Receipts		
Other appropriations		
Current Year Reversions/Rescissions	(34,787,029)	
Net Budget Adjustments	(6,700,000)	
Total Appropriations	283,886,611	332,066,110
Pre-Transfer balance	29,722,018	(1,581,684)
Transfers		
Transfer (to)/from General Fund		
Transfer (to)/from Downtown Fund	(523,966)	(523,966)
Transfer (to)/from Central Garage Fund	(1,557,843)	(1,556,870)
Transfer (to)/from Other Reserves	-	-
Transfer (to)/from Recreational Trail Fund	(370,000)	(370,000)
Transfer (to)/from Other funds	148,336	140,000
Transfer (to)/from Stabilization Reserve	(1,434,119)	1,165,211
Transfer (to)/from Vision Reserve		
Transfer (to)/from Bond Reserve		
Closing Recon Entries		
Transfer (to)/from Bridge Fund		
Net Transfers	(3,737,592)	(1,145,625)
Ending Balance	25,984,426	(2,727,309)
Bond Reserve		
Stabilization Reserve Balance	15,359,542	14,194,331
5% Maximum Balance	15,359,542	14,194,331
Reserve Balance vs Maximum	-	-

We've got a hole!

- FY 2024 began with a **\$2.7 million projected shortfall** in the T-Fund, net of all reversions and accounting adjustments, due to downgrades in the July 2023 revenue forecast.
- *NOT reflected on Operating Statement to the Left:*
- In November, DFM identified to JFC a **\$977,000 shortfall** in the Pay Act appropriation.
- Through December, T-Fund collections are **\$5.9 million short** of the downgraded July forecast.
- Will the January 2024 forecast have a downgrade?



Cumulative Total Transportation Fund Revenue vs. Forecast



Source: JFO analysis of Schedule 2 revenue data as originally reported by the Department of Finance and Management.



Transportation Fund Revenues			FY 2024 Monthly		Cumulative Year to Date		vs	vs	12 Month Sum
Dec-23	Dec-23	Target	vs Target\$	vs Target %	Dec-23	Target	Target \$	Target %	Year-over-Year
Gasoline tax + assessment	6,304,155	5,723,936	580,219	10.1%	37,312,722	37,215,720	97,002	0.3%	-2.7%
Diesel fuel tax	1,884,498	1,742,281	142,217	8.2%	9,438,984	9,472,205	-33,221	-0.4%	-5.2%
MV Purchase & Use tax	7,997,583	7,525,934	471,649	6.3%	46,150,063	48,838,762	-2,688,699	-5.5%	-1.5%
Motor Vehicle Fees	6,128,402	6,269,746	-141,344	-2.3%	39,952,620	43,041,211	-3,088,591	-7.2%	-0.6%
Other fees & taxes	2,320,479	2,323,292	-2,813	-0.1%	10,260,502	10,460,048	-199,546	-1.9%	1.9%
Total	24,635,117	23,585,188	1,049,929	4.5%	143,114,891	149,027,946	-5,913,055	-4.0%	-1.5%

Month	Monthly Actual	July 2023 Forecast	Actual - Forecast	Cum vs Forecast
Jul-23	22,255,893	22,747,400	-491,507	
Aug-23	27,194,243	26,142,503	1,051,740	560,233
Sep-23	23,914,510	28,045,158	-4,130,648	-3,570,415
Oct-23	25,120,576	26,383,964	-1,263,389	-4,833,804
Nov-23	19,994,552	22,123,733	-2,129,181	-6,962,985
Dec-23	24,635,117	23,585,188	1,049,929	-5,913,055
Jan-24		21,682,768		
Feb-24		19,944,415		
Mar-24		26,442,891		
Apr-24		27,570,719		
May-24		27,569,266		
Jun-24		32,295,328		
Sum		304,533,333	-5,913,055	

December T-Fund revenues exceeded the monthly target by \$1.0 million (4.5%). Purchase & Use and motor fuel taxes gained some of the ground they lost in prior months, but DMV fees and miscellaneous revenue both fell short of the December target. Cumulatively year to date, T-Fund revenues are now \$5.9 million (-4.0%) below forecast.



Where Are We Headed?

Upcoming session



Possible Options

- **Bottom line is...things are pretty tight.**
- *Fear not – things can be done to manage through this! Here are SOME of the options...not all require legislation, some might not be fully known until FY 2024 close.*
 - Reversions of appropriations (carryforward and current) that are no longer expected to be needed for FY 2024.
 - This does not mean that the needs necessarily go away...timing is a big factor!
 - AOT reverted a total of \$34.8 million in FY 2023.
 - As of FY 2023 close, AOT had \$8.88 million of T-Fund carryforward appropriations. Remember that this picture changes as the year goes on!
 - Managing hiring/vacancies
 - Federal reimbursement for eligible administrative overhead costs (indirect reimbursements)
 - Curtail or postpone materials/supplies/equipment purchases
 - Reducing T-Fund appropriations or swapping funding sources
 - “Notwithstanding” statutory transfers to other funds.
 - Inter-fund transfers
 - Increase federal cost share where possible. Tapered match is one example.
 - Re-evaluate project schedules and scopes.



Up Next

- January 17th – new Consensus Revenue Forecast. Upgrade or downgrade?
- January 23rd – Governor’s FY 2025 Recommended Budget
- Do collections improve and catch up in future months?
- FY 2024 BAA – What’s in it? Evaluate it in conjunction with the FY 2025 GOVREC budget.
- Remember that \$25 million reserved in the Cash Fund for IJA match in FY 2025/2026? ([Act 78 \(2023\), Sec. C.108\(a\)](#))

