

Transportation Trust Fund Operations Review Report to the General Assembly December 2013

Submitted by the Committee to Review the Transfer of Operational Costs from the Transportation Trust Fund to the General Fund per the Capital Improvements Act of 2014, dated June 30, 2013

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Members of the Committee:

Shailen Bhatt, Secretary, Delaware Department of Transportation
Ann Visalli, Director, Office of Management and Budget
Michael Morton, Controller General
Thomas Cook, Secretary of Finance
Rep. Mike Ramone, Representative, General Assembly
Nancy Cook, Former State Senator, General Assembly representative to the Task Force
Jerry McNesby, Vice President for Finance, Delaware Technical Community College and General Assembly representative to the Task Force

Staff Support:

Nicole Majeski (DeIDOT)
Shante Hastings (DeIDOT)
Hugh Curran (DeIDOT)
Brian Motyl (DeIDOT)
Stephanie Johnson (DeIDOT)
Brian Maxwell (OMB)
Michael Jackson (Controller General's Office)
Jackie Griffith (Controller General's Office)
Courtney Stewart (Controller General's Office)
Brett Taylor (DeIDOT)
Geoff Sundstrom (DeIDOT)

Purpose and Introduction:

The review of operational costs of the Transportation Trust Fund (TTF) was authorized through the Capital Improvements Act of 2014, passed June 2013 as part of its epilogue language. The language is as follows:

“Section 123. Transportation Trust Fund Operations Review. It is the intent of the General Assembly that a comprehensive review of financing the operations of the Department of Transportation through the General Fund over a multi-year period be conducted. Operations of the Department of Transportation shall include all units including the Office of the Secretary, Finance, Public Relations, Human Resources, Technology and Support Services, Planning, Maintenance and Operations, the Delaware Transit Corporation, excluding DTA indebtedness, Transportation Solutions and Motor Vehicles. Said review shall include, but not be limited to, (a) a history of the Department of Transportation operating units transferred from the General Fund to the Transportation Trust Fund; (b) a history of revenue enhancements supporting the Transportation Trust Fund; and (c) the overall impact of reallocating said units from the Transportation Trust Fund to the General Fund including its sustainability compared to the long-term revenue outlook of the General Fund. The review shall be conducted by a committee including:

- The Secretary of Transportation and Controller General, who shall serve as co-chairs;
- Director of the Office of Management and Budget;
- Secretary of Finance;
- Two members appointed by the Co-Chairs of the Joint Finance Committee; and
- Two members appointed by the Co-Chairs of the Joint Legislative Committee on the Capital Improvement Program.

The Department of Transportation, as requested, shall provide staff assistance to the committee. Said review shall be submitted to the Governor and members of the General Assembly no later than December 1 of this fiscal year.”

Process for Development of the Report:

The Committee held a series of meetings to discuss and formulate a process for gathering and analyzing the history and current financial condition of the TTF, projected revenues for the General Fund and the relative impacts in the event that TTF operational costs are transferred to the General Fund. The Committee determined to include in the report a discussion on the legal parameters of the TTF, a brief history, projected revenues for the TTF and the General Fund, projected costs for the TTF and impacts from a series of options for the transfer of the funds. The Committee has provided current and projected financial information for the General Fund and the TTF.

The Department of Transportation and the Delaware Transportation Authority

The Department of Transportation and the Delaware Transportation Authority are codified organizations under the Delaware Code, representing separate legal aspects for the purposes of operating the transportation system and issuing debt. Below is an explanation of their respective roles. For the purposes of the report, however, the Department and the Authority may be used interchangeably at times.

The Department of Transportation is authorized as a cabinet level agency as part of Title 29, Chapter 84 of the Delaware Code. It is comprised of six Divisions: Office of the Secretary, Planning, Maintenance and Operations, Transportation Services, Technology and Support Services, and the Division of Motor Vehicles. The Delaware Transit Corporation (DTC) is constituted under Del. Code, Title 2 § 1307 as a wholly owned subsidiary corporation of the Department of Transportation. It has the authority to deliver transit services and charge fares. Its operating budget and capital budget is subject to appropriation through the General Assembly and the majority of its revenue comes from a subsidy provided by the Transportation Trust Fund.

Title 2, Chapter 13 of the Delaware Code also provides for the establishment of the Delaware Transportation Authority. The Act gives the Authority broad powers in order to effectuate its statutory purposes of creating a unified transportation system for the State. It has the power to make and enforce rules and regulations; and to establish, fix and revise, and charge and collect charges, fares, fees, rates, rentals and tolls for the use of any transportation facility it operates. The Authority is empowered to create subsidiaries to perform its duties and functions. The Authority also has the power to issue bonds, with the approval of the State, and the State's Bond Issuing Officers (the Governor, the Secretary of Finance, the Secretary of State and the State Treasurer), to finance improvements to the State's transportation systems. The Authority also has the power to pledge its revenue to secure its obligations. To assist the Authority in carrying out its responsibilities, the State has created the Transportation Trust Fund, which the Authority administers. (Source: DTA Official Statement)

In addition, the Authority, through its subsidiary, the DTC, owns, operates and subsidizes numerous transportation services and facilities throughout the State, including a public bus system which operates primarily in and around Wilmington, the State's largest city; a public bus system in and around Dover, the State's capital; a public bus system which operates on a seasonal basis in Eastern Sussex County during the summer resort season; statewide specialized transportation services for the elderly and handicapped; passenger rail service between Newark and Philadelphia; freight rail and aviation and various statewide and local transit services.

The annual budgets for capital and operating expenditures of the Department (including the Authority) are subject to review and approval by the State. Each year the Department revises a six-year Capital Transportation Program for the State's transportation system. The first year of the Capital Transportation Program is reflected in the Department's annual capital budget (which includes Delaware Transit Corporation's annual capital budget) and is submitted to the State for review and approval. This annual capital budget represents the Department's work program. The Authority cannot undertake, or commit to, capital projects in excess of the amounts specifically authorized by the State.

To facilitate the Authority's development of a unified transportation system in the State and to take advantage of the Authority's broad financing powers, in 1987 the Transportation Trust Fund was created

by law. The TTF was created to consolidate and dedicate transportation related revenue to transportation projects and to provide a flexible mechanism to handle increasing funding requirements over time for all transportation projects in the State. The TTF is the State's financing vehicle for transportation capital expenditures, derived from Bond proceeds, excess TTF revenue, and cash balances.

The Trust Fund has assumed the responsibility for (1) the operating expenses of the Authority (including the Delaware Transit Corporation), the Delaware Turnpike and the Route 1 Toll Road and all of the other divisions of the Department and (2) debt service on general obligation bonds previously sold by the State for transportation projects.

History of Transportation Trust Fund

The TTF was initially funded in fiscal 1988 with existing cash balances of \$22.5 million, a special one-time appropriation from the General Fund of \$27.8 million plus the dedication of revenue streams (including investment earnings) then aggregating approximately \$76.2 million per year. Initial funding for the TTF consisted of transferring \$26.0 million in revenues from the Delaware Turnpike Authority, \$4.1 million in decal fees and approximately \$36 million in motor fuel taxes. The TTF was also able to retain its investment income, which was projected at \$10.1 million. The initial costs for the first full year under the TTF included \$10.1 million in Turnpike operations, approximately \$8.2 million in Delaware Transit subsidy and \$8.5 million in DelDOT operational costs.

The revenues and expenses were moved from the General Fund to the TTF because the TTF provided a flexible funding mechanism---as originally intended-- developed to support six year planning cycles working within established financial parameters focused on coverage ratios projected in the sixth year of the plan; and (2) the stagnant revenues that were transferred were (except the document fees) expected to support expenditures growing at a higher rate. The TTF originally funded the Department's capital program, along with the operating and capital budgets of the Delaware Turnpike and DTA. Transfers of the Department's operating budget (including maintenance, paving, etc.) to the TTF were gradually made since the TTF's inception in 1988. Some arguments have been made that the costs supporting the TTF revenue collection should be included in the Department's operating budget, also supported by the TTF.

Since establishing the TTF, the State has increased fee and tax rates for existing dedicated revenue streams and has assigned to the TTF certain additional sources of transportation related revenue, as well as certain additional transportation related expenses.

Funds in the TTF are applied to meet the funding requirements of the Agreement, including debt service on the DTA Bonds, operating expenses of the Authority and the Department, debt service on existing State general obligation bonds issued for transportation projects and the costs of capital projects of the Authority and the Department. The use of funds from the TTF follow a specific methodology, with revenues first paying the debt obligations of the Authority, then the operating costs of the Department and DTC and the remaining spent on the capital projects.

The State has pledged and assigned to the TTF, for the use of the Authority,

- (i) all motor fuel tax revenue imposed and collected by the State,
- (ii) all motor vehicle document fees imposed and collected by the State,
- (iii) all motor vehicle registration fees imposed and collected by the State,
- (iv) the pledged miscellaneous transportation revenue
- (v) certain other miscellaneous transportation revenue and reimbursement which have not been pledged as security for the Bonds
- (vi) certain escheat revenues, which escheat revenues have not been pledged as security for the Bonds.

The Authority and the Department emphasize that the appropriation of the escheat monies to the TTF each year is subject to the discretion of the General Assembly, and when there are budget constraints, it is possible that the General Assembly will suspend the appropriation of escheat revenues to the TTF in such years.

Transportation Trust Fund Revenues

Motor Fuel Taxes

The Division of Motor Vehicles is responsible for the collection of motor vehicles taxes through its Motor fuel tax collection process, including the International Fuel Tax Administration reciprocity collection process for commercial vehicles.

The Transportation Trust Fund receives revenues from the sales of gasoline and special fuels. The term "gasoline" includes all products commonly or commercially known as gasoline but does not include liquefied gases. The term "special fuel" means all combustible gases and liquids, except gasoline, suitable for the generation of power for propulsion of motor vehicles. Gasoline taxes are payable by licensed distributors and special fuel taxes are remitted by licensed special fuel suppliers, users and dealers based on the sale or use of special fuels. Distributors, licensed special fuel users, dealers and suppliers are required to file tax reports monthly and remit the taxes due for the preceding month

Motor fuel taxes were imposed at the rate of 16 cents per gallon for gasoline and special fuels for the period from September 1, 1987 to December 31, 1990. On January 1, 1991 the motor fuel tax increased to 19 cents per gallon. In June, 1993, the General Assembly enacted increases in both the gasoline and special fuels tax rates as follows: (1) the gasoline tax rate increased to 22 cents per gallon on September 1, 1993 and to 23 cents per gallon on January 1, 1995; and (2) the special fuels tax rate increased to 22 cents per gallon on January 1, 1995.

Tolls

In 2008, the Division of Motor Vehicles assumed responsibility for the operation and collection of tolls for the Delaware Transportation Authority.

The Authority is authorized to charge, collect and adjust fares, fees, rentals and tolls for the use of the Delaware Turnpike. All revenue received by the Authority from the operation of the Delaware Turnpike (including toll and concession revenue) is pledged by the Authority in the Agreement to secure the Bonds. However, it cannot adjust or change these revenues sources to a level below that which is necessary to meet the debt obligations entered into through its bond agreements. In addition, the

Department must maintain the Turnpike or other toll facilities to ensure that sufficient revenue is collected to meet these obligations.

In 1998, the Department joined a consortium of several transportation agencies from New Jersey and New York for the purpose of installing an electronic toll collection system (“E-Z Pass System”) on the toll roads and bridges. All tolls, due to the Authority, paid by the users of the E-Z Pass System in Delaware are promptly being remitted to Delaware. For a variety of reasons, the Department determined to separate from the Consortium. In connection with that decision, the Department entered into an agreement in late March 2003 with the New Jersey Turnpike Authority, pursuant to which the Department received certain one-time payments totaling \$7.6 million and a further \$1 million in work effort required to complete a Fiber Optic network for the State’s E-Z Pass System.

The Department issued a Request for Proposals and subsequently entered into an Agreement with TransCore for the build-out and operation of the Department’s new stand-alone E-Z Pass Customer Service Center and Violations Processing Center. The Center was completed and made operational in October 2003.

In addition to the Delaware Turnpike, the Authority owns a fully controlled access highway of 41 miles extending from a connection with the southern terminus of the new Route 1 Toll Road just south of Wilmington to points south of Dover on U.S. Routes 13 and 113. The Roth Bridge, a high-level bridge across the Chesapeake and Delaware Canal, was opened for traffic during December 1995. The southern portion of the project was opened for traffic during December 1993. This section is approximately 9 miles and extends from north of Smyrna southward to south of State Route 10 in the vicinity of the Dover Air Force Base. This section also includes a mainline toll plaza and one ramp toll for access to and from the City of Dover.

A portion of the northern section of approximately 4.8 miles, including a new bridge over the Chesapeake and Delaware Canal, was opened for traffic in December 1995. On November 17, 1999, this Section was extended another 9 miles south to Odessa. This section has a main-line toll plaza (the Biddle’s Plaza) and tolls on the southerly interchange ramps at Route 896 (Boyd’s Corner). The final section from south of Odessa to north of Smyrna was finished in May 2003.

In October 2007, passenger tolls at the Biddles and Dover plazas were increased by \$1.00 on weekends (weekends are defined as the period between 7:00 p.m. ET on Friday through 11 p.m. ET on Sunday). Passenger weekday and weekend tolls at the other toll areas remained unchanged. Commercial traffic tolls were raised by \$.25 per axle at Smyrna and \$.50 per axle at Denneys and Boyds. At Biddles and Dover the commercial toll was raised by \$1.00 per axle on weekdays and an additional \$1.00 per axle on weekends. By October 2007 all discounts were eliminated on the system, including the 15% E-Z Pass discount.

Motor Vehicle Fees

The Division of Motor Vehicles administers the motor vehicle and driver services fee program for the Authority. These services include the issuance of driver’s licenses, documentation and registration of vehicles, driver suspension hearings and issuances, commercial truck registration and driver license issuances and motorcycle safety courses.

Motor vehicle document fees are imposed upon the sale or transfer of any new or used motor vehicle, truck tractor, trailer or motorcycle in the State. In October 1, 2007, the document fee increased by \$.50 per hundred dollars of the net vehicle purchase price. The new fee increased from \$2.75 per hundred to \$3.25 per hundred. The following October (2008), the second phase of the document fee increase became effective. The new increase of an additional \$.50 per hundred increased the fee to \$3.75 per hundred.

The document fee, which is based on the vehicle purchase price, is paid by the owners of any newly possessed vehicle and collected by the State for deposit in the TTF. If the price of the vehicle is less than \$400, the fee is \$8; if the price is \$400 to \$500, the fee is \$13.75. Thereafter, the fee increases by \$3.75 for each additional \$100 of vehicle purchase price or any fraction thereof. Since October 1986, new cars can be registered for a three-year period and effective September 1990, new or used cars have had the option to renew for a two-year period. Commencing in July 2000, any newly-manufactured current model year motor vehicle or trailer with a gross registered weight of 10,000 lbs. or less not previously registered or titled in any state or country may be initially registered by the owner for five years or less. Passenger cars have paid \$20 per year since 1965 while trucks pay according to their weight. On October 1, 1991, the registration fee for commercial vehicles increased from \$2.60 to \$5.20 for each 1000 pounds or fraction thereof in excess of 5,000 pounds as part of the three year plan to increase fees in this category. On July 1, 1992 this fee was increased to \$12.00 for each such 1000 pounds or fraction thereof. The third increase to \$16.80 for each such 1000 pounds or fraction thereof became effective on July 1, 1993.

Effective October 1, 2007, passenger car registration and the base commercial registration fee increased by \$20 per year to \$40 per year. Additionally, the registration weight fee for commercial vehicles increased from \$16.80 for each 1000 pounds or fraction thereof in excess of 5,000 pounds to \$18.00 for each 1,000 pounds. Motorcycle registration increased from \$10 to \$15 annually; recreational vehicle, farm truck and trailer registrations and weight fees were also increased.

During January 1995, the Department established the Motor Carrier Service Section to support the trucking industry and entered into a base state agreement under the International Registration Plan ("IRP") for the collection and distribution of commercial registration fees for vehicles in excess of 26,000 pounds. Under IRP, commercial registration fee revenue is a function of the miles traveled in each state and the registration fee assessed by each state.

During its June 1997 legislative session, the General Assembly approved the transfer of three revenue sources from the General Fund to the TTF effective during fiscal 1998. These revenue sources include: (1) the motor vehicle dealer handling fee assessed at \$2 for every vehicle sold by auto dealers; (2) the annual license fees for all motor vehicle dealers charged at \$100 per year; and (3) the motor vehicle use tax on lessees and lessors based on amount of lease payments.

The TTF collects a 50% surcharge to all Title 21 (traffic) offenses. The surcharge revenue is transferred to the TTF. HB 264 became effective on January 1, 2008, and added \$3.3 million revenue in fiscal 2010. This new revenue source is expected to generate \$3.5 million annually in additional trust fund revenue.

The Department also operates the Electronic Red Light Safety Program, which provides video and photography enforcement of red light running in 22 areas of the State. This program yields

approximately \$7.5 million in gross revenue, of which \$5.2 million is paid to the vendor of the program and jurisdictions in which the red light cameras are located. The remainder is revenue to the TTF.

Escheat

Escheat is a transfer from the General Fund annually legislated through epilogue language. The General Assembly at the recommendation of the Governor may or may not fund the transfer each year depending on the availability of cash to the Bond Bill as projected by DEFAC. Escheat is included in the available state capital cash available to be leveraged as part of the DTA’s 50/50 pay-as-you-go provision. However, it is not pledged for the purposes of future bonding.

The following chart provides a history of escheat revenues transferred to the TTF:

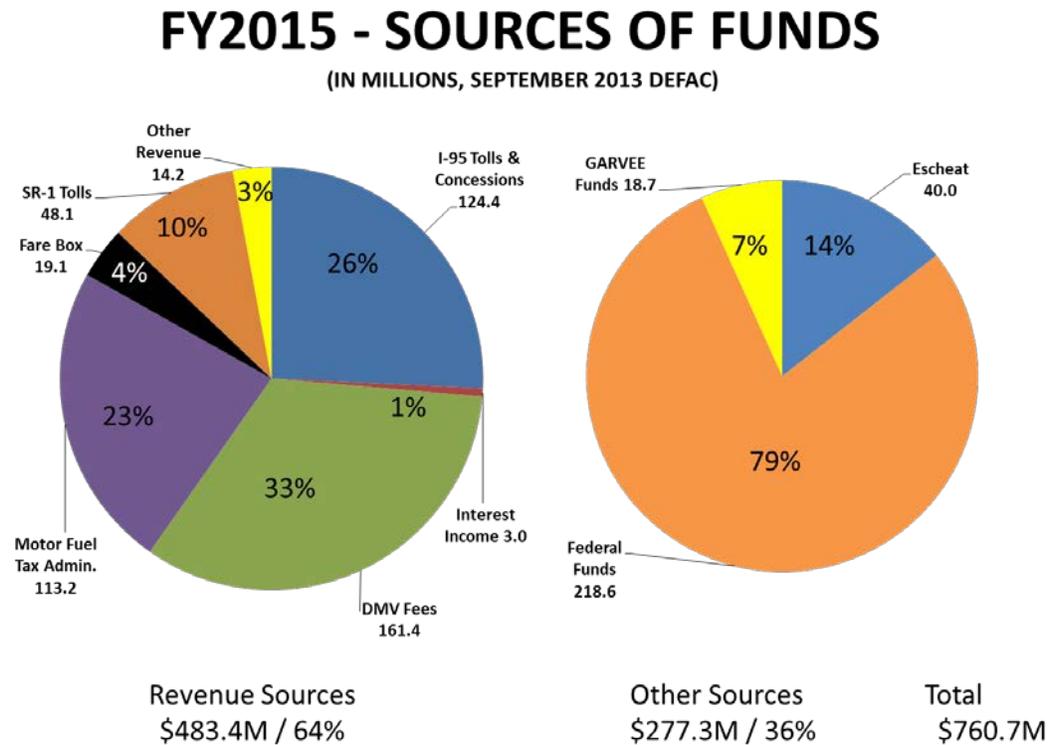
Fiscal Year	Expected Escheat Transfer	Actual Escheat Transfer
2000	\$10.0	\$10.0
2001	\$10.0	\$10.0
2002	\$10.0	\$10.0
2003	\$10.0	\$0.0
2004	\$10.0	\$10.0
2005	\$10.0	\$10.0
2006	\$10.0	\$10.0
2007	\$24.0	\$24.0
2008	\$24.0	\$0.0
2009	\$24.0	\$0.0
2010	\$24.0	\$0.0
2011	\$24.0	\$24.0
2012	\$40.0	\$40.0
2013	\$40.0	\$40.0
2014	\$40.0	\$40.0

Costs and Revenues for the Transportation Trust Fund

As part of its operating and capital budget preparation, the Department of Transportation projects the costs and revenues for the Transportation Trust Fund, federal funding and other non-TTF funding. This process takes place over the course of the year, primarily in preparation for the Governor’s Recommended Budget and again during the spring of the General Assembly session. The TTF revenues and expenditures are reported to the Delaware Economic and Financial Advisory Council (DEFAC) to be evaluated by the bi-partisan, independent committee of state and private stakeholders.

The most recent projections presented to DEFAC, TTF projected revenues for FY 2015 total \$760.7 million. The revenues come from diverse sources, including TTF revenues (as described above), federal funds and General Fund sources (escheat).

Figure 1 – FY 2015 Sources of Funds



Source: FY 2015 Budget Presentation to the Office of Management and Budget, November 2013

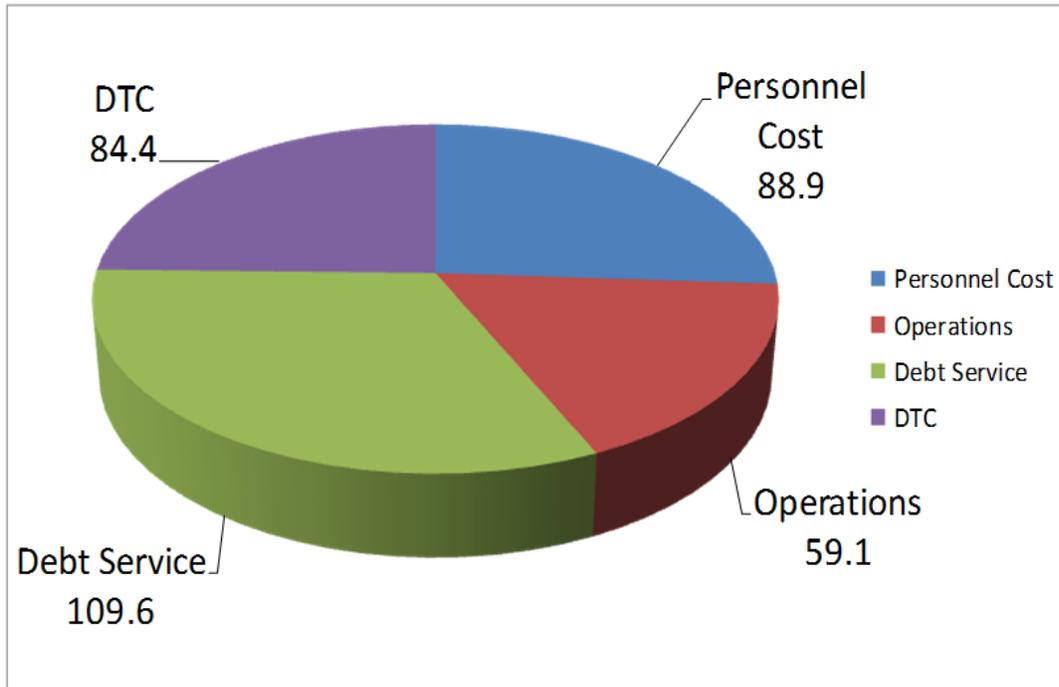
The Department’s Operating Budget for FY 2015 includes costs for operations, personnel costs, transfers to the Delaware Transit Corporation for operations of the transit system and debt service. The percentages of the Operating Budget are depicted below. Operating cost is defined as contractual services, travel, materials, supplies and equipment necessary to operate the Department. The transit cost represents the TTF subsidy to the Delaware Transit Corporation to supplement farebox and federal receipts in operating the system. Personnel costs associated with DTC are not included in the personnel costs but rather are part of the transfer to DTC.

Figure 2 provides an overview of the FY 2015 Budget including operating and capital.
FY 2015 Budget Overview

Operating Budget	
• Operating Cost	\$ 59.1M
• Personnel	\$ 88.9M
• Transit	\$ 84.4M
• Debt Service	<u>\$109.6M</u>
Total:	\$342.0M
Capital Budget	
• State	\$166.0M

Figure 3 provides a breakdown of the FY 2015 operating budget by cost category.

Figure 3 – Division of DeIDOT Operating Costs, FY 2015



Source: FY 2015 Budget Presentation to the Office of Management and Budget, November 2013

The costs for operating the transportation system can be broken down into two categories: direct services and support services. The majority of costs for the Department are direct services: costs

associated with the day-to-day maintenance and operations of roads, bridges, highways and related systems, such as traffic signals, etc., and transit operations (Maintenance and Operations and DTC); services for private and commercial drivers and owners of vehicles (DMV); services to residents and commercial entities for the development of property (Planning); and engineering services used in the creation of highway, bridge and road infrastructure, including post construction inspection, rehabilitation and maintenance. The total for direct services is \$203.4 million or 87.5%. The remaining \$28.9 million is dedicated to services necessary to support the direct service, including management, human resources, technology, and community relations.

Figure 4. Breakdown of DeIDOT Operating Costs, FY 2015

Division	FY14 Base	FY15 Request	Change
Office of the Secretary	\$1,221.9	\$1,371.0	\$149.1
Finance	\$3,724.7	\$4,013.7	\$289.0
Public Relations	\$918.6	\$1,018.9	\$100.3
Human Resources	\$1,946.4	\$1,926.4	(\$20.0)
Tech & Support Services	\$19,547.8	\$20,594.3	\$1,046.5
Planning	\$4,977.4	\$5,086.6	\$109.2
Maintenance & Operations	\$57,521.8	\$57,841.3	\$319.5
Transit Corporation	\$83,878.2	\$84,411.9	\$533.7
Transportation Solutions	\$17,623.6	\$17,016.5	(\$607.1)
Motor Vehicles	\$38,801.2	\$39,146.9	\$345.7
OPEX SUBTOTAL:	\$230,161.6	232,427.50	\$2,265.90
Debt Service	\$112,297.9	\$109,573.1	(\$2,724.8)
TOTAL OPERATING:	\$342,459.5	\$342,000.6	(\$458.9)

Source: FY 2015 Budget Presentation to the Office of Management and Budget, November 2013

Figure 5 below depicts the various divisions of costs to the Department's operating, debt service and subsidies to the Delaware Transit Corporation from 2010 to 2015. Net operating costs, excluding debt service, have risen at an average annual rate of only 1.25% percent over this time. However, when adjusted for excluding the transit subsidy, operating costs have risen only by an average annual rate of 0.4 percent. Debt service costs have dropped substantially since borrowing for capital projects has been limited and debt obligations have been reduced. Currently, cost containment measures are being considered for the Delaware Transit Corporation, including a redesign of the paratransit system.

Figure 5. DeIDOT Operating Costs from 2010 to 2015

Impacts of the Cost Shift to the General Fund

The most recent revenue and expenditure projections for the General Fund for the years 2014 through 2018 are depicted in Figure 7. The projections demonstrate a projected average annual deficit of \$173.2 million through 2018. Primary cost drivers include Medicaid, employee health, pension costs, debt service, salary step, union agreement, children’s services, educational costs and corrections medical costs. The costs include transfers to the Bond Bill for necessary capital projects (including \$40 million in escheat to the TTF) and grant-in-aid. Net of the capital and grant in aid costs, the General Fund still experiences a deficit, which in order to remediate, will require cuts in basic, essential General Fund services.

Figure 7 - Five Year DEFAC Forecast – Budget Impact

5-Year DEFAC Forecast - Budget Impact					
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
<i>Resources</i>	Projected	Projected	Projected	Projected	Projected
Carry-over	\$ 160,500,000	\$ 76,300,000	\$ 85,200,000	\$ 83,200,000	\$ 85,000,000
Net FY Revenue (Sept DEFAC)	3,732,400,000	3,769,100,000	3,874,600,000	3,989,700,000	4,106,500,000
TOTAL RESOURCES @ 98%	3,815,000,000	3,768,500,000	3,880,600,000	3,991,400,000	4,107,700,000
<i>Uses</i>					
Less: Budget	\$ (3,718,150,900)	\$ (3,829,695,427)	\$ (3,944,586,290)	\$ (4,062,923,879)	\$ (4,184,811,595)
Less: Cash to Bond Bill	(60,881,000)	(60,000,000)	(60,000,000)	(60,000,000)	(60,000,000)
Less: Other Supplementals	-	-	-	-	-
Less: Grant-In-Aid	(44,764,028)	(44,764,028)	(44,764,028)	(44,764,028)	(44,764,028)
TOTAL USES	\$ (3,823,795,928)	\$ (3,934,459,455)	\$ (4,049,350,318)	\$ (4,167,687,907)	\$ (4,289,575,623)
Budget Growth for Cost Drivers		3.00%	3.00%	3.00%	3.00%
Budget Growth for Cost Drivers in Dollars		111,544,527	114,890,863	118,337,589	121,887,716
Appropriation Surplus/(Deficit)		(165,959,455)	(168,750,318)	(176,287,907)	(181,875,623)

<p>Primary Cost Drivers Each Fiscal Year</p>	<p>Medicaid School Enrollment School Transportation Inmate Medical Costs Children's Services DDDS Services</p>	<p>Employee Health Pension Costs Debt Service Salary Steps Union Agreements</p>
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Conclusions

The purpose of the Committee’s review of the Transportation Trust Fund Operating Costs is to examine the history of the Transportation Trust Fund, the organization and operating aspects of the Department of Transportation and assess the impacts of a shift of the operating costs from the TTF to the General Fund.

The Committee provides this information to the General Assembly for the purposes of their review and discussion on the efficacy of shifting these costs from the Transportation Trust Fund to the General Fund.

Some observations about the Transportation Trust Fund should be noted.

The Transportation Trust Fund is a unique arrangement compared to other states. The typical arrangement for revenues in other states is a combination of General Fund taxes, tolls, sales taxes and taxes on fuels, vehicle charges and other revenue. Transportation agency budgets are subject to general appropriations, taken in whole with other agency budgetary considerations, and therefore, subject to revenue costs and enhancements in competition with other agencies. The Transportation Trust Fund is unique with respect to a self-sufficient, self-contained appropriation subject to General Assembly appropriation but based on revenues derived from a specific set of sources dedicated to transportation operations and infrastructure. The Transportation Trust Fund capital program can be sized to accommodate reductions in revenues, and reductions in operating costs can be considered if necessary.

The Department of Transportation is also unique in that it manages 89 percent of the transportation services in the state, including all of its transit operations. In many other states, the duties and responsibilities are divided among state and local governments, and independent authorities. The simplicity of the operational arrangements allows for greater coordinated decision-making. It also allows for decision-makers and taxpayers to have greater transparency in the direct relationship of revenues and costs to the provision of services and investments in the system.

Lastly, the Delaware Transportation Authority enjoys a high credit rating due to the diversity of revenue sources, intensified operational control of the transportation system, and the ability to respond effectively and quickly to changes in the economic environment. It is important to note that several bond covenants are tied to operational control of the system. For instance, in cases of tolls, it is necessary that the Department maintain operational effectiveness of the toll collection system in order to ensure that toll revenues are not compromised as a part of management of the system.

Appendix A – Transportation Trust Fund Funding History

TRANSPORTATION TRUST FUND - FUNDING HISTORY								
	→ = Ongoing Revenue/Obligation to the TTF							
	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94	FY 95
Revenues Transferred From General Fund								
<i>One-Time Transfers</i>								
General Fund Transfer	\$27.8				\$15.0			
<i>Base Transfers</i>								
Motor Fuel Tax	\$11.6	\$23.6						→
(Prior to FY 88, \$.09 dedicated to GF, \$.04 dedicated to Road Improv. Fund)	\$.03 GF to TTF Rate \$.07 TTF \$.06 GF	\$.06 GF to TTF Rate \$.16 TTF \$.00 GF						
Decal Fee	\$1.2							→
M.V. Document Fee		\$22.6	2.0%					→
M.V. Registration Fee			\$14.9					→
Miscellaneous Transp. Revenues (Late Registration, Tiling Fees, T-Tags, Vanity Tags)				\$6.7				→
Hauling Permit Fee								\$0.7 →
Increase Existing TTF Revenues								
Motor Fuel Tax	\$11.6			\$11.5		\$23 TTF		→
Tumpike Tolls				\$1.9 TTF		\$1.25	\$8.1	→
M.V. Document Fee						2.75%	\$10.5	→
M.V. Registration Fee Commercial Registration					\$3.5			→
Miscellaneous Transp. Revenues					\$4.2			→
Additional TTF Obligations								
General Fund Debt Service		\$32.7						→
Highway Maintenance/Equipment		\$8.5						→
Municipal Street Aid		\$3.0						→
Traffic Operations			\$1.7	100%				→
Non-Personnel Operating Costs				\$3.9		100%		→
Personnel Costs					\$22.6	\$8.9		→
Motor Fuel Tax Division						\$0.7		→
Note: DTA and the Tumpike, prior to establishment of the TTF, was funded via Tumpike Tolls.								
Note: Prior to 7/1/87, all toll and concession revenue, a portion (\$7) of the decal fee and \$.04 of the \$.13 motor fuel tax were dedicated to the Road Improvement Fund. This fund was obligated for approximately \$14.0 in Delaware Transportation Authority operating expenses.								

TRANSPORTATION TRUST FUND - FUNDING HISTORY								
→ = Ongoing Revenue/Obligation to the TTF								
	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
Revenues Transferred From General Fund								
<i>One-Time Transfers</i>								
General Fund Transfer (One-Time)			\$26.5	\$7.0				
Property Management Account from GF			\$2.5					
Property Lease Revenue from GF			\$0.6					
<i>Base Transfers</i>								
Abandoned Property					\$10.0			Escheat Not Transferred in FY 2003 →
M.V. Dealer Handling Fee (\$2 vehicle/sold)			\$3.0m for all three sources					→
M.V. Dealer License Fee (\$100/year)								→
M.V Use Tax on Lessee/Lessor on Leases (1.92% lessee; .288% lessor)								→
GF Appropriation for Motor Fuel Tax				1.3				Eliminated in FY 2003 →
Increase Existing TTF Revenues								
I-95 Tolls (effective 1/99)					\$7.8			→
-- Raise tolls by \$0.75 to \$2.00								
Additional TTF Obligations								
Motor Fuel Tax Operations							\$1.3	→

TRANSPORTATION TRUST FUND - FUNDING HISTORY								
	→ = Ongoing Revenue/Obligation to the TTF							
	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11
Revenues Transferred From General Fund								
<i>One-Time Transfers</i>								
General Fund Transfer (One-Time)	\$10.0		\$72.9	\$60.0	\$10.0m Port Repayment			\$14.0
GF Appropriation (FY06, Section 28 of GIA)			\$14.0					
<i>Base Transfers</i>								
Abandoned Property				\$14.0	Escheat Not Transferred in FY2008, 2009, 2010			\$24.0M suspended; \$10.0m received beyond cap
				Brings total to \$24.0M				
Motor Vehicle Appropriated Special Fund	\$4.5							
Increase Existing TTF Revenues								
<i>M.V. Document Fee</i>								
-- Increase by 0.50% to 3.25% (10/1/07)					\$8.9	\$3.0		
-- Increase by 0.50% to 3.75% (10/1/08)						\$8.9	\$3.0	
<i>Vehicle Registrations</i>								
-- Vehicles less than 5,000 lbs from \$20 to \$40 (10/1/07)					\$13.8	\$5.1		
-- Commercial greater 5,000 lbs from \$16.80 to \$18 (10/1/07)					\$0.8	\$0.3		
-- RV & Farm Truck (various) (10/1/07)					\$0.05	\$0.03		
-- Trailers (various) (10/1/07)					\$0.7	\$0.3		
-- Motorcycles from \$10 to \$15 (10/1/07)					\$0.1	\$0.1		
<i>I-95 Tolls (effective 10/1/07)</i>								
-- Raise tolls by \$1.00; eliminate 75% EZPass discount, 10PM-6AM commercial discount					\$19.7	\$7.9		
<i>Route 1 Tolls (effective 10/1/07)</i>								
-- Eliminate the 15% E-Zpass passenger vehicle utilization discount					\$9.1	\$4.6		
-- Maintain passenger vehicle 50% E-Zpass Frequent Flyer discount								
-- Reduce commercial vehicle 50% E-Zpass utilization discount to 25%.								
-- Increase tolls Monday thru Friday for commercial vehicles by \$1 at Biddles/Dover; \$0.50 at Denneys/Boys; and \$0.25 at Smyrna.								
-- Increase tolls Friday (7PM) to Monday (12AM) at Biddles/Dover by \$2 for commercial vehicles and \$1 for passenger vehicles.								
<i>Title Fees</i>								
-- Increase from \$15 to \$25 (10/1/07)					\$2.2	\$0.8		
<i>Driver's License</i>								
-- Increase from \$12.50 to \$25.00					\$1.5	\$0.2		
<i>Identification Cards</i>								
-- Increase from \$5.00 to \$20.00					\$0.4			
<i>New Revenue Source</i>								
-- 50% surcharge on traffic violations (1/1/08)					\$1.5	\$2.5		
Additional TTF Obligations								
Motor Vehicle from General Fund	\$11.4							
Motor Vehicle Appropriated Special Fund	\$4.5							

TRANSPORTATION TRUST FUND - FUNDING HISTORY				
	→ = Ongoing Revenue/Obligation to the TTF			
		FY 12	FY 13	FY 14
<u>Revenues Transferred From General Fund</u>				
<u>One-Time Transfers</u>				
	General Fund Transfer (One-Time)			\$5.1
<u>Base Transfers</u>				
	Abandoned Property	\$16.0	→	
		<i>Brings total to \$40.0M</i>		
<u>Increase Existing TTF Revenues</u>				
<u>Additional TTF Obligations</u>				
	One-Time Capital Obligation			\$5.1