

## Proposed Formula Change for Allocating Virginia Transportation Funds Under the SMART SCALE District Grant Program

SMART SCALE directs that 50% of the funding available for the program be invested in a competitive District Grant Program, whereby transportation project applications will compete within each Virginia Department of Transportation (VDOT) Construction District. The District Grant funding is to be divided among the nine VDOT Districts according to a formula adopted by the General Assembly in 1986. That formula is the subject of this paper.

### The 1986 Formula

The 1986 formula divides roadways into a “Primary,” “Secondary” or “Urban” classification, and each VDOT District receives funding according to the following scale:

Primary	28% based on the statewide share of primary system vehicles miles travelled (VMT) contained in the VDOT District.
	10% based on the statewide share of primary system lane miles contained in the VDOT District.
	2% based on need contained in the VDOT District.
Secondary	24% based on the statewide share of county population contained in the VDOT District.
	6% based on the statewide share of county land area contained in the VDOT District.
Urban	30% based on the statewide share of the population of cities and towns eligible to receive State aid for roadway maintenance contained in the VDOT District. Towns must have at least 3,500 population to be eligible.

### Outcomes of the 1986 Formula in Terms of Allocating SMART SCALE District Grant Program Funding among the VDOT Districts

Below is shown the percentage allocation of available SMART SCALE District Grant Program funds for each VDOT District, as a result of the 1986 formula.

VDOT District	Percent Allocation
Bristol	07.0%
Culpeper	06.2%
Fredericksburg	06.8%
Hampton Roads	20.2%
Lynchburg	07.1%
Northern Virginia	20.7%
Richmond	14.4%
Salem	09.6%
Staunton	07.8%

## **Observations About the 1986 Formula and Recommendations for Changes**

### Primary and Secondary

Today, what was once considered a primary roadway may now be functioning in a different and lower capacity, or a roadway once considered secondary may be functioning in a higher capacity. “Primary” and “Secondary” are today somewhat jumbled together and without practical meaning. For example, Route 610 (Garrisonville Road) and Route 630 (Courthouse Road) in Stafford County are classified as secondary roadways but function as primary roadways. A better and more objective approach to classifying highways is to sort them according to their Federal Functional Classification, which is the national standard used throughout the country. Working with states, the Federal Highway Administration (FHWA) has evolved standards for roadway functional classification, and these should be adopted in Virginia law pertaining to allocation formulas and to the eligibility of roadways to receive state and federal funds.

In addition, roadway usage is an important part of the equation, particularly for higher-level roadways including the interstates. Therefore, the old definitions of “Primary” and “Secondary” should be replaced as follows:

#### *Interstates, Freeways, and Arterials to Replace Primary*

It is recommended that 30% of the formula be based on VMT on interstates, other freeways and expressways, other principal arterials, and minor arterials contained in the VDOT District and 10% based on the lanes miles of interstates, other freeways and expressways, other principal arterials, and minor arterials contained in the VDOT District. This will account for the usage and extent of all higher-level roadways in each District, which is an objective indication of economic vitality, population growth and needs in each District.

#### *Collectors to Replace Secondary*

It is recommended that 24% be based on the total population in the VDOT District, as measured by the Weldon Cooper Center for Public Service, and 6% be based on the total land area in the VDOT District, as measured by VDOT. This will account for major collectors and minor collectors in each District. Local roadways would be ineligible for the SMART SCALE District Grant Program.

### Urban

The old definition of “Urban” indicated the relative population of cities and towns of 3,500 or more people eligible to maintain their own roads under the State formula for local assistance prevailing at any given time. In other words, if you were maintaining your own roads, then you received credit. However, under the new SMART SCALE law, this “Urban” portion of the formula is invalid because it points to local governments maintaining roadways, and the District Grant Program in SMART SCALE is not for maintenance. The SMART SCALE District Grant Program is for construction. Roadway maintenance is covered in other State programs and is far more than construction program amounts. Furthermore, over the past thirty-two years, many counties have developed larger urbanized areas which have more population than many Virginia cities and towns (e.g., Albemarle, Chesterfield, Fairfax, Hanover, Prince William, Stafford, etc.), but these areas are not considered “Urban” under the 1986 definition.

A sound and tested method of determining transportation construction needs in an area is to measure urbanized area (UZA) population, as defined in the latest U.S. Census. UZA population is a good indicator of many needs factors, including volumes, roadway and/or multimodal expansion requirements, major reconstruction needs, and other requirements. Additionally, the UZA population growth rate in each VDOT District is critical, as it demonstrates the economic vitality of an area and its need for system expansion.

It is recommended that the Urban formula be changed to equal 15% for the relative share of the statewide UZA population in each of the VDOT Districts and 15% for the relative share of the UZA population growth in each VDOT District. The UZA population for a specific year would be calculated using the following formula:

$$\left( \frac{\text{U.S. Census UZA population for } x \text{ year}}{\text{U.S. Census population for } x \text{ year}} \right) \text{Weldon Cooper Center population for } y \text{ year}$$

### Equity

Changing allocation formulas can be complex because there are “winners” and “losers.” Therefore, equity provisions are recommended as follows:

- 1) a total of 27% off the top of the SMART SCALE District Grant program should be equally allocated among the nine VDOT Districts (3% each);
- 2) the remaining 73% of the program should be allocated according to the formula; and
- 3) no VDOT District should receive less than 5% or more than 25% of the SMART SCALE District Grant Program funding.

### **Summary**

The process of studying and recommending changes in funding formulas can be complicated and time consuming. However, the 1986 formula does not reflect Virginia today and needs an update. The hope is that these recommendations will assist the Commonwealth in updating the SMART SCALE District Grant Program allocation formula to more accurately allocate funds where they are most needed now and in the future.