



STATE OF WASHINGTON

OFFICE OF THE INTERAGENCY COMMITTEE

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May 18, 2007

**TOPIC #17: NOVA Policies Regarding Fund Allocation**

**Prepared & Presented By:** Jim Fox

**Approved by the Director:** 

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**Proposed Action:** Direction; appoint subcommittee

**Summary:** The allocation of Nonhighway and Off-Road Vehicle Activities (NOVA) Program funds to the four NOVA categories is determined by statutory formula and IAC policy. IAC policy governs the order in which fuel tax, ORV permit, and competitive dollars are applied to each category, and how unobligated funds from prior grant cycles are applied to current and future cycles. At its February 2007 IAC meeting, the Committee asked staff to provide additional analysis of NOVA fund allocation policies and procedures.

**Staff Recommendation:**

Staff recommends that the IAC appoint a subcommittee to work with staff to discuss and possibly propose changes in the NOVA fund allocation policies for discussion at the September RCFB (IAC) meeting.

**Background:**

The Capital Budget, adopted by the Legislature in odd-numbered years, provides funding for the NOVA program for the upcoming biennium, including reappropriated unspent funds from prior biennia. The funding comes from two sources: fuel tax revenues attributed to off-road and nonhighway road use (1% of the gas tax revenues) and ORV permit fees. IAC's allocation of these funds to the four NOVA funding categories is governed by statutory formula and IAC policy, developed with assistance from the NOVA Advisory Committee and informed by other stakeholder input.

IAC's current policy on how these funds are allocated is illustrated in Figures 1 and 2. For any given grant cycle, first the fuel tax funds are distributed according the statutory formula (Figure 1) along with any unobligated funds from previous grant cycles (Figure 2). Next, competitive dollars are allocated to the three NOVA facility categories. Finally, ORV permit fees are applied to the *ORV Facilities* category.



**Analysis:**

In reviewing current NOVA fund allocation policy, a number of questions have been raised:

1. Is the process shown in Figures 1 and 2 equitable?
2. How should the process be modified if there are not enough projects in one or more categories to make use of funds technically available to that category?
3. How many grant cycles, if any, should unobligated funds (excess and "returned" funds) be carried forward to the same category, given that there might be need for funds in other categories and given the Legislature's concern with (and possible diversion of) reappropriated funds?
4. Should we go from annual to biennial grant cycles for the NOVA facilities categories or set aside for the first year cycle more than the traditional 50 percent of the amount available for the biennium?
5. If there are any changes in NOVA fund allocation policies, when should they take effect?

The current policies are contained in the NOVA policy manual, which was distributed to potential applicants for the grant cycle currently under way. The statutory formulas and resulting IAC policies were developed after several years of work with NOVA program stakeholders and legislators. Given the high level of interest in the questions posed above, IAC staff recommends that time be allowed for adequate stakeholder involvement in developing recommendations for changes and to accurately assess consequences of proposed changes.

**Next Steps:**

- Appoint RCFB (IAC) subcommittee to work with staff to develop options and analyze the consequences and pros and cons of each option.
- Seek input from the NOVA Advisory Committee and other stakeholders as options are developed.
- Provide an update, with possible decision-making, at the September 2007 RCFB (IAC) meeting.

**Attachments:**

None

Figure 1

# Allocation Order

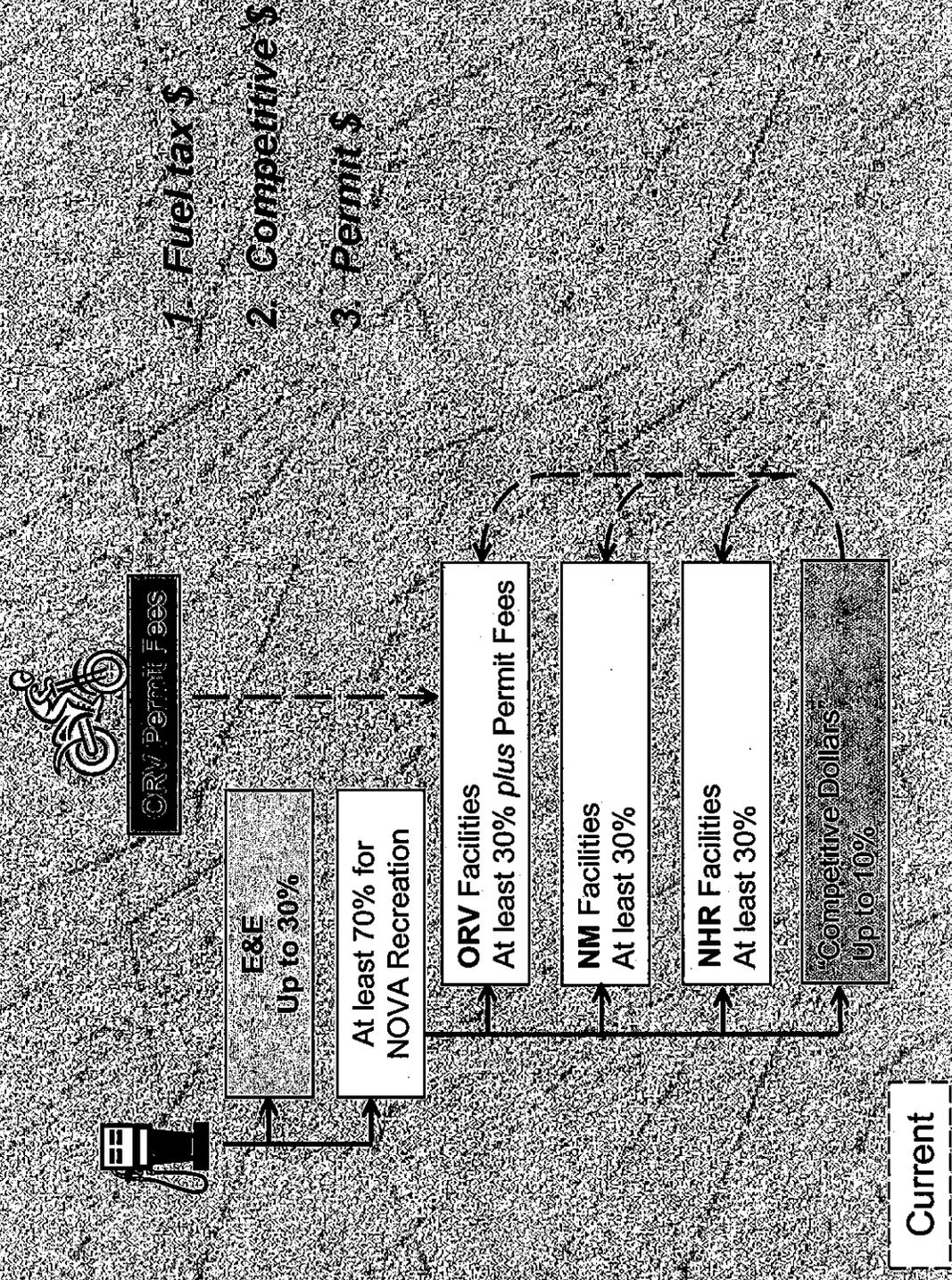


Figure 2

