

1
2 COMMONWEALTH OF PENNSYLVANIA
3 HOUSE OF REPRESENTATIVES
4 HOUSE APPROPRIATIONS COMMITTEE

5
6 THE MAIN CAPITOL
7 ROOM 140
8 HARRISBURG, PENNSYLVANIA

9
10 WEDNESDAY, FEBRUARY 29, 2012
11 9:15 A.M.

12
13 PUBLIC HEARING
14 DEPARTMENT OF TRANSPORTATION

15
16 BEFORE:

17 HONORABLE WILLIAM F. ADOLPH, JR., CHAIRMAN
18 HONORABLE JOSEPH F. MARKOSEK
19 HONORABLE JOHN BEAR
20 HONORABLE MARTIN T. CAUSER
21 HONORABLE GARY DAY
22 HONORABLE GORDON DENLINGER
23 HONORABLE BRIAN L. ELLIS
24 HONORABLE MAUREE GINGRICH
25 HONORABLE GLEN R. GRELL
HONORABLE DAVID R. MILLARD
HONORABLE T. MARK MUSTIO
HONORABLE BERNIE O'NEILL
HONORABLE MIKE PEIFER
HONORABLE SCOTT A. PETRI
HONORABLE TINA PICKETT

1 CONTINUED:

2 HONORABLE JEFFREY P. PYLE
3 HONORABLE THOMAS QUIGLEY
4 HONORABLE MARIO M. SCAVELLO
5 HONORABLE CURTIS G. SONNEY
6 HONORABLE MATTHEW D. BRADFORD
7 HONORABLE MICHELLE F. BROWNLEE
8 HONORABLE H. SCOTT CONKLIN
9 HONORABLE PAUL COSTA
10 HONORABLE DEBERAH KULA
11 HONORABLE TIM MAHONEY
12 HONORABLE MICHAEL H. O'BRIEN
13 HONORABLE CHERELLE L. PARKER
14 HONORABLE JOHN P. SABATINA, JR.
15 HONORABLE STEVE SAMUELSON
16 HONORABLE MATTHEW SMITH
17 HONORABLE GREG VITALI
18 HONORABLE RONALD G. WATERS

19 ALSO PRESENT:

20 HONORABLE KERRY A. BENNINGHOFF
21 HONORABLE MATTHEW E. BAKER
22 HONORABLE MARK M. GILLEN
23 HONORABLE PAUL I. CLYMER
24 HONORABLE MATT GABLER
25 HONORABLE DICK L. HESS
HONORABLE GENE DIGIROLAMO
HONORABLE MARK K. KELLER
HONORABLE JERRY STERN
HONORABLE ELI EVANKOVICH
HONORABLE DOYLE HEFFLEY
HONORABLE RICHARD A. GEIST
HONORABLE KATHARINE WATSON
HONORABLE WILLIAM C. KORTZ, II
HONORABLE JOHN MYERS
HONORABLE PAMELA A. DeLISSIO
HONORABLE BABETTE JOSEPHS
HONORABLE JAKE WHEATLEY
HONORABLE MARK LONGIETTI

EDWARD NOLAN, MAJORITY EXECUTIVE DIRECTOR
MIRIAM FOX, MINORITY EXECUTIVE DIRECTOR

BRENDA S. HAMILTON, RPR
REPORTER - NOTARY PUBLIC

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

INDEX

NAME	PAGE
BARRY SCHOCH, SECRETARY DEPARTMENT OF TRANSPORTATION	8

P R O C E E D I N G S

- - -

CHAIRMAN ADOLPH: Good morning, everyone. I would like to call to order the House Appropriations Committee budget hearing. This morning's budget hearing is on the Department of Transportation.

I'd just like to go over some housekeeping before we get started. Those that have electronic equipment, BlackBerries, iPhones, iPads, could you please put them on vibrate so we can have a nice conversation with the Secretary.

We're going to go through some brief introductions of the members and some other members of the House that are also present.

So without further ado my name is Bill Adolph. I'm the Republican Chair of the House Appropriations Committee and I live in Delaware County.

To my left.

EXEC. DIR. NOLAN: Ed Nolan, executive director, Appropriations Committee.

MR. CLARK: Dan Clark, chief counsel, the Republican Appropriations Committee.

REP. GEIST: Rick Geist, and I'm the

1 Secretary's driver.

2 CHAIRMAN ADOLPH: Rick Geist, for those
3 watching, is the House Republican Chair of the
4 Transportation Committee.

5 REP. DAY: Representative Gary Day,
6 Lehigh and Berks County.

7 REP. GRELL: Good morning. Glen Grell,
8 87th District, Cumberland County.

9 REP. MUSTIO: Good morning. Mark
10 Mustio, Allegheny County.

11 REP. PYLE: Good morning. Jeff Pyle,
12 Armstrong and Indiana Counties.

13 REP. DENLINGER: Good morning. Good
14 morning. Gordon Denlinger from eastern Lancaster
15 County.

16 REP. PEIFER: Good morning. Mark
17 Peifer, Pike County.

18 REP. MILLARD: Dave Millard, Columbia
19 County.

20 REP. BEAR: John Bear, Lancaster
21 County.

22 REP. O'NEILL: Bernie O'Neill, Bucks
23 County.

24 REP. QUIGLEY: Tom Quigley from
25 Montgomery County.

1 REP. PETRI: Scott Petri, Bucks County.

2 REP. SONNEY: Good morning. Curt
3 Sonney, Erie County.

4 REP. CAUSER: Good morning. Marty
5 Causer, McKean, Potter, and Cameron Counties.

6 REP. GINGRICH: Welcome. Representative
7 Mauree Gingrich from Lebanon County.

8 REP. PICKETT: Tina Pickett, Bradford,
9 Sullivan, and Susquehanna Counties.

10 REP. SCAVELLO: Good morning. Mario
11 Scavello, 176th District, Monroe County.

12 REP. VITALI: Greg Vitali, Montgomery
13 County.

14 REP. MARKOSEK: Good morning. I'm State
15 Representative Joe Markosek, Allegheny and
16 Westmoreland Counties, and I'm the Democratic
17 Chairman of the House Appropriations County.

18 EXEC. DIR. FOX: Miriam Fox, executive
19 director for the Democratic House Appropriations
20 Committee.

21 REP. WATERS: Ron Waters, Philadelphia
22 and Delaware Counties.

23 REP. LONGIETTI: Hello. Mark Longietti
24 from Mercer County.

25 REP. PARKER: Cherelle Parker,

1 Philadelphia County.

2 REP. BROWNLEE: Michelle Brownlee,
3 Philadelphia County.

4 REP. KULA: Deberah Kula, Fayette and
5 Westmoreland Counties.

6 REP. SMITH: Matt Smith, Allegheny
7 County.

8 REP. PAUL COSTA: Good morning,
9 everybody, and Happy Leap Day. I'm Paul Costa from
10 Allegheny County.

11 REP. SABATINA: John Sabatina from
12 Philadelphia County.

13 REP. BRADFORD: Matt Bradford from
14 Montgomery County.

15 REP. MAHONEY: Tim Mahoney from Fayette
16 County.

17 REP. O'BRIEN: Mike O'Brien from
18 Philadelphia County.

19 REP. MARKOSEK: We also have several
20 guests with us today. Already mentioned was Mark
21 Longietti. Also with us is Representative Bill Kortz
22 from Allegheny County and Representative Pam DeLissio
23 from Philadelphia County.

24 Thank you.

25 CHAIRMAN ADOLPH: Thank you, Chairman.

1 Also joining us is Representative Dick
2 Hess, Representative Watson, Representative Clymer,
3 Representative Mark Keller and Representative Eli
4 Evankovich.

5 Welcome. My pleasure to introduce our
6 Secretary of Transportation, Barry Schoch. Barry,
7 good morning.

8 SECRETARY SCHOCH: Good morning.

9 CHAIRMAN ADOLPH: Nice to have you here.

10 SECRETARY SCHOCH: Good to be here.

11 Thank you.

12 CHAIRMAN ADOLPH: Would you like to make
13 some brief opening comments?

14 SECRETARY SCHOCH: Sure. Perhaps I can
15 just give you a bit of a state of the state of where
16 we are in transportation before we get started on the
17 question and answer.

18 Maybe I'll start with the Mother Nature
19 update. It's been an interesting year for us in
20 transportation. As many of you know your districts
21 were affected by the floods this fall from the
22 tropical storm and the hurricane.

23 We incurred about \$120 million in
24 damage, about 559 road closures, 138 bridge
25 closures. Unexpected in the fall certainly for that

1 time of the year with that kind of expense.

2 I'm very proud of the men and women of
3 our department in responding to that and getting all
4 but one road open and all but ten bridges opened to
5 traffic and they responded quite quickly.

6 However, we have had -- on the flip side
7 of Mother Nature, we have had a mild winter. And if
8 we're fortunate over the last month of winter, we
9 believe the extra costs we incurred in the fall we
10 actually might make up by a lower winter cost.

11 Maybe not fully. But at least have a
12 good dent in what was unexpected in terms of
13 expenditures in the fall.

14 So I just thought perhaps you'd be
15 interested in that relative to where we are on the
16 maintenance side.

17 On the overall capital side, there's a
18 couple of components, I think, to draw your attention
19 to before we get into discussions today.

20 One, federal funding. Reauthorization
21 has been extended multiple times at the federal
22 level. There are bills coming out of the House and
23 Senate that are conflicting in both duration, in
24 funding levels, and in policy.

25 The current expiration is the end of

1 March of the federal authorization. It's our
2 expectation that at best we will see a continued
3 resolution or a short-term extension. I could be
4 wrong, but either way we're -- the things we're
5 getting out of Washington are level funding at best
6 for transportation. Meaning level for state
7 funding.

8 At one time we were hearing about a 30
9 percent cut, which would have been devastating, about
10 three to five hundred million dollars in cuts. Now
11 we're hearing level funding.

12 But we'll see where that goes. But
13 right now that's pending. The next action is
14 required by the end of March.

15 On the state funding side, you'll see
16 that we're dropping about a total of 500 million in
17 unexpected expenditures going forward. The
18 combination of the bridge -- accelerated bridge bond
19 bill ending.

20 The last year was \$200 million, this
21 current fiscal year. Going into next year that will
22 end. So we would drop 200 million, and we'll have
23 \$60 million of debt service on the four \$200 million
24 bridge bills that we did.

25 So the combination of that reduces

1 spending going forward. And then we had about \$300
2 million of, I'll say, one-time available spending for
3 projects that were cancelled or deferred because of
4 the inability to fund them long term.

5 We reprogrammed that and delivered a
6 number of bridges and pavement programs. That \$300
7 million is gone. The remainder of the ARRA spending
8 is going away. So we're forecasting about \$500
9 million less going forward.

10 On the flip side, I do want to point out
11 that I'd encourage you, if you haven't done so, to
12 take a look at our web page and look at the
13 modernization site on our website.

14 I circulated to the Chairs and -- and
15 leadership, and hopefully all of you have seen our
16 modernization efforts. We're quite proud of several
17 things that we've accomplished this year.

18 One of which, I'm sure all of you,
19 because many of you contact me, get questions from
20 developers relate -- related to highway occupancy
21 permits.

22 In the past they may have been -- the
23 average was about 60 days. It was very uncertain as
24 to the time frame they would get action from us.

25 We've gone to electronic permitting

1 where the applicants submit their application
2 online. They can view the progress online. We
3 changed our management approach to a -- to push the
4 service-oriented approach on management. We've
5 dropped our average review time from over 60 days to
6 under 30 days. And last year -- in this current year
7 we've processed 98-and-a-half percent of our
8 applications in under 30 days.

9 And I believe that makes us a better
10 business partner for our private sector communities.
11 They now have certainty in government action when
12 they come to the department.

13 There are other modernization efforts
14 that are on our website that you can look at, but I
15 would just tell you that it doesn't stop today.

16 We have Idea Link which is a web-based
17 tool for our own employees to submit ideas. We've
18 had over 500 ideas submitted to us from our own
19 employees that will improve operations and reduce
20 costs. We've implemented over 70 of those already.
21 We expect to do more in the future.

22 We also have a State Transportation
23 Innovation Council -- Council that we set up with the
24 Federal Highway Administration and private sector
25 partners.

1 The idea of both of those is to
2 consistently push the envelope on innovation.

3 Most of my career, as you all know, was
4 in the private sector. In the private sector you're
5 looking for innovation to increase your revenues,
6 increase your profit margin, or simply to stay alive,
7 to make sure you stay ahead of your competitors.

8 From our side we want to press the
9 innovation to make sure that you know and your
10 constituents know that every dollar they give us is
11 well invested and we're pushing the envelope in
12 delivering the best we can, high quality at the
13 lowest possible cost.

14 And those two modernization efforts,
15 Idea Link and the Innovation Council, I believe will
16 continually push us to make sure we're doing just
17 that.

18 So I -- I appreciate very much being
19 here today and look forward to your questions on both
20 our budget and anything about transportation you'd
21 like to ask me.

22 And I appreciate very much the
23 relationship we have with each one of you in our
24 district offices and those of you that I've worked
25 with directly.

1 CHAIRMAN ADOLPH: Thank you,
2 Mr. Secretary. And I know I speak for everyone
3 here. We want to congratulate you on a job well done
4 during the floods.

5 You know, PennDOT sometimes gets the
6 brunt of disgruntled taxpayers, but they did a great
7 job in an emergency. So we thank you for that and
8 all the PennDOT employees.

9 I have two questions. One is related to
10 the mar -- the recently passed Marcellus shale local
11 impact fee. How will that affect your budget?

12 SECRETARY SCHOCH: Well, there's two
13 components it will affect. One is a million dollars
14 a year, again, assuming that the counties pass the
15 legislation -- or pass the fees.

16 The million dollars a year will be
17 available for rail investment, which is a big thing
18 up in that area. We've been investing with our rail
19 freight assistance program and -- and our rail
20 capital program millions of dollars, coupling with
21 private investment, and it's been very effective.

22 There's been a huge increase of rail
23 shipment up in the Marcellus shale region. Which
24 gets -- it's great. It gets trucks off the road.
25 Moves it efficiently for the private sector. And

1 it's good for all of us.

2 So one component will be that we'll have
3 a million dollars a year for -- to match private
4 investment in that corridor, and the other would be
5 on the money that we would get, again, assuming the
6 -- the impact fees are passed in the counties. That,
7 I believe, starts around 15 million and then grows.

8 That will be money that we can use for
9 the nonposted roads, meaning the state roads that
10 they use to get access to the posted road system.
11 The posted road will continue as it does today, the
12 bond on the posted road for the Marcellus shale
13 companies.

14 But this additional money will at least
15 help us to offset the increased wear and tear on the
16 state road system.

17 CHAIRMAN ADOLPH: Okay. The next
18 question, I recently received a -- a form from the
19 Commonwealth of Pennsylvania Department of Trans --
20 Transportation. I live on a corner property in -- in
21 Delaware County. And it seems to me that PennDot's
22 going to be doing some work around there, my -- the
23 sidewalks up and down our town.

24 And I believe this is federal money that
25 is being spent on this job?

1 SECRETARY SCHOCH: Well, I'd have to get
2 some specifics on the project, but we are doing -- we
3 are using some -- we had to use some federal money to
4 deal with the every-changing regulations on our
5 handicap ramps, the ADA ramps.

6 That has been an issue that, you know,
7 frankly, has been very costly for us, municipalities
8 and cities throughout the country, in the fact that
9 the regulations have changed on the ADA ramps.

10 And we actually lost a court case in
11 Erie challenging that. So we are using some federal
12 funding to go back, and some of the ARRA funding, to
13 go back and do some work on ADA ramps so that we
14 don't incur a state percentage cost.

15 That could be. I'd have to get a
16 specific from you on the actual location and --

17 CHAIRMAN ADOLPH: Yeah.

18 SECRETARY SCHOCH: -- talk to my
19 district office.

20 CHAIRMAN ADOLPH: Yeah. I believe it's
21 -- I believe it's federal money, maybe ARRA money,
22 coming through the state.

23 But I'm getting a lot of -- a lot of
24 phone calls. And I'm -- I'm -- I'm wondering, does
25 the -- is there -- folks with disabilities, are they

1 involved in making these decisions of how this money
2 is being spent?

3 Or -- or -- I'm trying to -- the
4 sidewalks already have handicapped ramps, already cut
5 out. Been there for 20-some years. And now, I
6 understand that what they're going to be doing is
7 tearing up the sidewalk and putting some type of, I
8 guess, slip-proof material a -- along there.

9 And I'm just wondering if -- is this the
10 best use of money for the -- for the disabled up and
11 down busy highways, you know? And I've lived -- I've
12 lived on this busy corner and so forth, and I -- I
13 can't really remember in the years that I've lived
14 there if there's anyone in a wheelchair that's ever
15 even attempted getting up -- up and down these
16 sidewalks.

17 And I'm wondering wouldn't it be better
18 to ask those that live in the area where they
19 should -- where this money should be spent?

20 Maybe into -- into a public
21 transportation area or a bus stop or something.

22 I'm trying to figure out who makes these
23 decisions and I -- maybe I -- I thought maybe -- I
24 don't know if PennDOT is involved in that decision
25 making or --

1 SECRETARY SCHOCH: We're involved in
2 it. And we work with our local MPOs and RPOs across
3 the state to prioritize projects. So the -- the
4 local input comes through the planning process with
5 local planning partners, be it the MPO or the RPO,
6 depending on where you are in the state. And the
7 prioritization of these projects comes from that
8 level.

9 We're certainly involved in those
10 discussions. But I'd be happy to look into it for
11 you and get back to you with specifics.

12 CHAIRMAN ADOLPH: Yeah. I would.
13 Because you know -- you know, there's -- there's
14 scarce dollars today, and I don't know the cost of
15 this particular project, and I certainly -- you know,
16 I've taken -- I've taken my time in trying to analyze
17 this.

18 I -- I took part in a -- many years ago
19 in the barrier awareness program in Delaware County,
20 and there's an awful lot of barriers that those
21 wheels chairs have to face every day.

22 I just did not see -- you know, at this
23 crossing, Springfield Road and School Lane or
24 Springfield Road and Powell Road, and the money
25 that's going into these type of projects, isn't

1 really where those that are wheelchair bound would --
2 would want to see that money spent.

3 And I don't know the costs of this
4 project. And if I get this information to you,
5 because I'm getting an awful lot of inquiries --

6 SECRETARY SCHOCH: Okay. Well, we'll
7 get a --

8 CHAIRMAN ADOLPH: -- regarding that
9 project.

10 SECRETARY SCHOCH: -- briefing together
11 as to both the cost of the project and how it -- how
12 it occurred in a prioritization.

13 CHAIRMAN ADOLPH: And the decision
14 making?

15 SECRETARY SCHOCH: Yeah. Sure.

16 CHAIRMAN ADOLPH: Because I know those
17 areas in our neighborhood that certainly could use
18 handicap access that would help the disabled, and I'm
19 not quite sure if every corner in town is -- is
20 the -- is the -- is the best use of taxpayers' money.

21 SECRETARY SCHOCH: Very good.

22 CHAIRMAN ADOLPH: Okay.

23 SECRETARY SCHOCH: We'll get back to
24 you --

25 CHAIRMAN ADOLPH: Okay.

1 SECRETARY SCHOCH: -- with a briefing on
2 it.

3 CHAIRMAN ADOLPH: Thank you.
4 Chairman Markosek.

5 REP. MARKOSEK: Thank you, Chairman
6 Adolph.

7 Mr. Secretary, good morning.

8 SECRETARY SCHOCH: Good morning.

9 REP. MARKOSEK: Welcome. Good to see
10 you again.

11 In the -- in the spirit of full disclose
12 -- disclosure, I should say that the Secretary and I
13 have worked tirelessly together for the last four or
14 five years on trying to bring adequate transportation
15 funding to Pennsylvania, and I know how talented and
16 superb the Secretary is, particularly in this job.

17 You're the perfect person I think to be
18 the Secretary of Transportation, and I just hope that
19 the Governor understands that and I hope that he
20 listens to you.

21 I don't have a question, direct
22 question, for you this morning; but we all know how
23 our situation, our infrastructure, how old it is, how
24 vast it is, how crumbling it is in some areas, how
25 geriatric it is, and our mass transit fits the same,

1 and how severe problems we have -- how the severe
2 problems we have with mass transit, particularly in
3 our areas of the southeast and the southwest that
4 generate most of our state income economically, how
5 serious all of these problems are.

6 Recently the Governor was asked by the
7 media -- and it was widely reported -- but what he
8 was going to do and when is he going to come up with
9 his transportation plan.

10 His response, I thought, was quite
11 interesting. He said, in so many words, that he was
12 surprised that people thought that he should come up
13 with a plan in the short year that he's been here,
14 that he should solve the problem in a short time, a
15 problem that has taken a long time to get to this
16 point.

17 I -- I agreed with the Governor. He --
18 I don't expect him to solve the problem in a year.

19 But what I do expect of him, and what I
20 hope you'll relay to him, is the fact that by now I
21 would have expected, and I think most of us in this
22 room would have expected, him to have shown
23 leadership, to have come forward with a substantial
24 plan for Pennsylvania's transportation, get behind
25 it.

1 As tough as it is, we all know that
2 there is a lot of bipartisan support in this room, in
3 the legislature, which is unusual in many ways for a
4 lot of the issues that we deal with here.

5 But he seems to have ignored the
6 problem, and I would just ask you to ask him on
7 behalf of me, and a lot of other folks in the room,
8 when he is going to come up with this program, to get
9 busy with the program. After all, as the title of --
10 his title indicates, he is the Governor and it's time
11 that he governed on this issue.

12 Thank you, Mr. Secretary.

13 Thank you, Mr. Chairman.

14 SECRETARY SCHOCH: Chairman, I will
15 certainly convey the message. And contrary to
16 popular belief, I did not buy the chairman breakfast
17 this morning to get the compliment that he just gave
18 me.

19 REP. GEIST: He got a bridge.

20 SECRETARY SCHOCH: Yeah. I appreciate
21 very much your -- your compliments and I enjoyed
22 working with you over the years and on some difficult
23 situations and it's been a pleasure standing up with
24 you and -- and dealing with those issues.

25 And I -- I certainly will, you know,

1 convey the message. And the Governor is aware of the
2 age of our infrastructure, and he and I have had
3 multiple conversations on the problem and -- and how
4 we might go forward.

5 But I will certainly convey your
6 sentiments.

7 REP. MARKOSEK: Thank you.

8 CHAIRMAN ADOLPH: Just a quick comment.
9 I -- I -- I understand, you know, that -- that --
10 where the chairman is coming from. He's the former
11 Chairman of the Transportation Committee and so
12 forth.

13 And I've mentioned, probably all
14 throughout this hearing, that a lot of times we don't
15 hear from the Governor, but there is activity going
16 on.

17 And I just want to remind, you have to
18 compliment the Governor for -- for selecting the --
19 the Secretary as the Secretary of Transportation.

20 So I think -- I think we will get to the
21 point, the sooner the better, I think, for this big
22 picture. And I understand where Chairman Markosek is
23 coming from.

24 But we're going to get there, and it's
25 going to be sooner than -- than later.

1 The next question is going to be coming
2 from Representative Mario Scavello.

3 REP. SCAVELLO: Thank you,
4 Mr. Chairman.

5 And good morning, Mr. Secretary.

6 SECRETARY SCHOCH: Good morning.

7 REP. SCAVELLO: I have confidence in our
8 Governor. The prior governor took eight years and
9 didn't get it completed. And I think that you're
10 going to see some good things happen in the next
11 year.

12 A couple of questions. First, in the
13 Governor's budget book, there's a -- there's a \$5
14 million appropriation for the red light photo
15 enforcement. It seems to be something new. Is it?

16 I know there was an estimate of 17
17 million in 2011/'12. Are these expenses related to
18 PennDOT's duties with the automatic cameras in
19 Philadelphia?

20 SECRETARY SCHOCH: Yes. That's --
21 that's currently where the program is. And I'll have
22 to -- actually I want to get back to you on this for
23 details because I don't want to give you a wrong
24 answer today.

25 But, you know, we've -- the -- the --

1 there's been a lot of discussion about expense --
2 extending that program, because we've seen a
3 tremendous benefit from safety. We've seen a
4 reduction in red lights, which is the whole intent of
5 it.

6 Of course, you also see a reduction in
7 revenue. And that's fine. It's not a revenue
8 generator. It's intended to be a safety issue.

9 REP. SCAVELLO: Exactly.

10 SECRETARY SCHOCH: So I'll get back to
11 you on specifically -- to be honest with you, the \$5
12 million, what that is targeted for.

13 REP. SCAVELLO: Uh-huh.

14 SECRETARY SCHOCH: But I -- my initial
15 reaction would be, yes, it would be related to our
16 expenses to operate that.

17 REP. SCAVELLO: Just to follow up a
18 comment on what the Chairman was saying about the
19 handicap, and I -- and I know that, you know, in some
20 areas they're needed.

21 But on -- in a rural area on Route 209
22 they put a signal up and we have four handicap
23 sidewalks on the corners and all you got is
24 cornfields for miles on both sides, you know.

25 And I -- I -- sometimes the law needs to

1 be looked at and say, you know what? It doesn't
2 apply here. You know, just that little concrete on
3 the corners --

4 SECRETARY SCHOCH: Okay.

5 REP. SCAVELLO: -- with the little -- a
6 ramp to nowhere like, and you're going to get up
7 there and you're going to...

8 SECRETARY SCHOCH: Part of it is -- part
9 of it is the law. Part of it is cost.

10 If -- if we believe that there's going
11 to be pedestrian activity in the area and we have
12 pedestrian actuation ever at the signals, and it goes
13 with the signals, then we put them in initially
14 because it saves us money and because ultimately it's
15 going to be required.

16 If we come back after the fact they're
17 actually more expensive. I realize it looks absurd.
18 But the -- the issue legally is -- is pretty black
19 and white as to if there is a pedestrian actuation of
20 the signal you will put in ADA ramps. So that's how
21 it leaves that.

22 And I realize -- I've seen the articles
23 in the paper. I've seen the criticism. And yet the
24 issue is if we came back later, as the Chairman
25 pointed out, and said, now we're going to go back and

1 retrofit it, then we get criticized for that saying,
2 well, you're coming right back at you. You were just
3 here two years ago.

4 REP. SCAVELLO: Yeah.

5 SECRETARY SCHOCH: So it's a combination
6 of two. One is the law. The second is ultimately
7 what's the lowest cost.

8 REP. SCAVELLO: Yeah. And just a
9 final -- it's a compliment to Mike Rebert in 5-0.
10 They've done a tremendous job in -- in Monroe, and
11 Bob Mudrick locally.

12 And I expect great things now that 33
13 and 80 is pretty -- is all paved that they're going
14 to have some time to do some great work on the local
15 roads, and it's really appreciated.

16 SECRETARY SCHOCH: Well, thank you very
17 much.

18 REP. SCAVELLO: Thank you very much.
19 Pass that on.

20 SECRETARY SCHOCH: I'll pass that on.
21 Thank you.

22 CHAIRMAN ADOLPH: Thank you,
23 representative.

24 The next question will be by
25 Representative Greg Vitali.

1 REP. VITALI: Thank you, Mr. Chairman.
2 And thank you, Mr. Secretary, for -- for
3 coming today.

4 I wanted to follow up on the Minority
5 Chairman's question, because I, too, have serious
6 concerns about our transportation infrastructure and
7 our, frankly, not dealing with that problem.

8 First of all, just to sort of lay out
9 the problem. I wanted to make sure I'm getting all
10 these reports correct.

11 And would you agree that there's a
12 balance of 7,000 roads, 7,000 miles of road and
13 5,600 -- in poor condition and 5,600 bridges that are
14 structurally deficient? I think that was one of the
15 figures cited in the report, 7,000 road miles, 5,600
16 bridges structurally deficient in Pennsylvania. Is
17 that about right?

18 SECRETARY SCHOCH: That's right. The
19 road is about right. The bridges have come down.
20 We're actually under 5,000 structurally deficient
21 bridges.

22 But, again, that's because of the bond
23 bills that we are delivering over 400 bridges right
24 now.

25 REP. VITALI: Okay.

1 SECRETARY SCHOCH: When the bond bills
2 go away, we'll drop this year to around 300, 350, and
3 then it will drop to between 200 to 250.

4 And, I guess just for everyone's
5 benefit, the issue of our bridges is we own 25,000 of
6 them. The average age is 50 years old. I think the
7 Chairman used geriatric. I use mine. I say AARP.
8 I'm 51-years-old myself. You get your -- it's a
9 great organization. AARP comes after you when you
10 turn 49.

11 But the reality is when you have 25,000
12 bridges that are 50 years old, they age on, meaning
13 about 300 a year become structurally deficient. So
14 if you're not working on 300 bridges a year, you're
15 losing ground.

16 We've been working on 400 with the
17 accelerated bridges. As that goes away, we'll drop
18 down to about 200 to 250. So that trend of dropping
19 the number of structurally deficient bridges down
20 will reverse and start going back upward.

21 REP. VITALI: Okay. So we can agree
22 that 7,000 road miles are in poor condition and about
23 -- currently about 5,000 bridges that are
24 structurally deficient.

25 And I think also the -- the Governor's

1 Transportation Funding Advisory Committee indicated
2 that right now there's about 3.5 billion in unfunded
3 transportation needs that could go up to \$7.2 billion
4 bill in ten years if not dealt with.

5 Would you agree with that assessment?

6 SECRETARY SCHOCH: Yes, sir.

7 REP. VITALI: Now, the -- the -- the
8 Governor's Transportation Funding Advisory
9 Commission, they recommended, among other things, the
10 enactment of an oil company franchise tax, lifting
11 the current cap on that, and that would get them 3.6
12 billion towards this -- this amount. I know that --

13 SECRETARY SCHOCH: Actually the number
14 is 1.4 billion if you uncap it.

15 REP. VITALI: 1.4?

16 SECRETARY SCHOCH: Billion. Not 3.6.
17 1.4 billion.

18 REP. VITALI: 1. --

19 SECRETARY SCHOCH: Per year.

20 REP. VITALI: Okay. Nevertheless, 1.4
21 billion for the uncapping. And I know that another
22 secretary, Alan Walker, was quoted as saying he's a
23 hundred percent in support of that -- these
24 recommendations, including the tax.

25 Are you supportive of uncapping the oil

1 and -- company franchise tax as a way to deal with
2 this problem?

3 SECRETARY SCHOCH: Yes. It's -- it's an
4 inflationary method. It was intended to be
5 inflationary when it was written.

6 Unfortunately, it was capped at a dollar
7 quarter a gallon back when it was written, back in
8 the 1980's, which equates to about a \$2, you know,
9 retail price, which I'm sure back in the 1980's
10 seemed absurdly high, that we'd never reach it.
11 Obviously \$2 a gallon sounds pretty good right now.

12 But the intent of that legislation was
13 for it to grow with the price of gas, meaning it was
14 inflationary.

15 So, yes, I think it's a -- it's the
16 right -- one of the right tools to invest in -- or to
17 attack legislatively because it does create an
18 inflationary growth in our revenues, which is
19 important.

20 REP. VITALI: Now, do you know if the
21 Governor would sign that if we put that on his desk?

22 SECRETARY SCHOCH: I -- I can't --
23 I don't know that I can answer that. I -- I think
24 that the Governor said he wants to work with the
25 legislative leaders to decide which elements the

1 legislature and he can collectively support.

2 REP. VITALI: Well, I only -- only
3 suggest you encourage -- I know he respects you
4 greatly -- encourage that and let him know there's
5 one -- at least one member of the legislature who
6 would vote for it if it was put before us.

7 SECRETARY SCHOCH: Will do.

8 REP. VITALI: Thank you, sir.

9 SECRETARY SCHOCH: Thank you.

10 CHAIRMAN ADOLPH: Thank you,
11 representative.

12 Representative Scott Petri.

13 REP. PETRI: Good morning.

14 SECRETARY SCHOCH: Good morning.

15 REP. PETRI: I wanted to ask you about
16 some of the funding sources. I know one of the
17 funding sources that goes to counties is based upon
18 driving habits and patterns from 1939. So the
19 formula has been in existence and it really skews --
20 when you look at the per capita numbers, my rural
21 colleagues make out very, very well and some of the
22 southeast doesn't do so well.

23 When is it time to start looking at
24 funding and distribution and determine whether it
25 still makes sense?

1 SECRETARY SCHOCH: Well, we have, you
2 know, looked at the funding distribution relative to
3 miles traveled and lane miles. So in -- I'm sorry.
4 The vehicles on the road and lane miles.

5 So to some extent it gets tweaked based
6 on how much traffic is on the road. But you're
7 right. I mean in general we subsidize rural roads.
8 If we said they had to pay for themselves, we'd be
9 closing a lot of rural roads in the Commonwealth and
10 I'm certainly not in favor of that.

11 In terms of tweaking the -- the formula,
12 I think that's been brought up multiple times to me.
13 And I guess the issue is if you did it now there
14 would be winners and losers and that would be a
15 difficult thing, I think, for even the legislature to
16 come up with this.

17 It's sitting in Congress. In Congress
18 they have states that -- that contribute more than
19 they get back. We, for instance, get more than we
20 put in. We get about a dollar ten or more per gallon
21 -- or per dollar than we've put in.

22 Every time they try to tweak it to make
23 it more even, unless they increase the total funding,
24 the losers combat it.

25 REP. PETRI: Yeah. Well -- and -- and

1 that's -- that's very true but -- and -- and I know
2 this -- some of these aren't your areas.

3 But if you look at education funding, if
4 you look at mental health/mental retardation and
5 aging, effectively what you're talking about is
6 applying what we've been calling the hold harmless
7 clause, and -- and the problem with that type of
8 funding method is that the pie always has to get
9 bigger.

10 And the reality is the pie can't
11 continue to get bigger. We know that. There aren't
12 infinite -- an infinite sum of resources.

13 So then the equity battle becomes
14 looking what is -- what is fair.

15 I want to move to the bridge funding
16 piece, and you didn't highlight in this -- in your
17 testimony, but one of the things the Chairman asked
18 you about was the distribution of statewide
19 initiatives on bridge funding.

20 And we have a list based on population
21 and that's certainly an area that our counties are
22 going to be very happy with.

23 In Bucks County, my home county, years
24 ago the commissioners decided, for whatever reason,
25 that it would be a good idea to own the bridges in

1 Bucks County. So we're in the unfortuitous position
2 right now of owning, I think, more bridges as a
3 county than any -- any other county in the state.

4 And so the ability to receive a
5 projected -- I don't want to misquote the number --
6 \$773,000, moving to a million dollars, out of
7 Marcellus shale for our county, is very welcome
8 and -- and I want to thank you in that regard for
9 that -- that help.

10 SECRETARY SCHOCH: I want to tell you
11 also, while you mention the local bridge program,
12 that one of our other initiatives to help our local
13 partners is to look at program management of
14 bridges.

15 Meaning, let's say, for instance, your
16 county, you mentioned you had a lot of bridges in the
17 county. Municipalities own bridges. We own bridges
18 in that county.

19 We're going to pilot a program where we
20 look at one county in every one of our engineering
21 districts, and say, for instance, your county, go in
22 and say, how many are you going to do in the next
23 four years? How many are we going to do and how many
24 are the municipalities going to do?

25 And if we look at them all up-front with

1 a program management type approach and say, how many
2 of them, for instance, might be between 50 and 55
3 feet? If we agree that we're going to make those all
4 55 feet, we could prefabricate certain elements.
5 Saves the county money, saves the locals money, and
6 saves us money. And delivers the projects more
7 quickly. So --

8 REP. PETRI: Well, I got to -- I got to
9 say your attempts to take private industry practices
10 and apply them to state government is -- is welcome.
11 And I wish you the best of success.

12 SECRETARY SCHOCH: Thank you.

13 CHAIRMAN ADOLPH: Thank you,
14 representative.

15 Representative Paul Costa.

16 REP. PAUL COSTA: Thank you,
17 Mr. Chairman.

18 And I usually don't speak out. I'm
19 pretty irked this morning. One of the previous
20 speakers mentioned that the previous administration
21 hasn't really done anything over the last eight
22 years, and I believe that some of us have selective
23 memory, because they seem to forget that the Rendell
24 administration did Act 44. It didn't do as much as
25 we thought that it could do if we would have had

1 Interstate 80 -- give us the ability to toll that,
2 but it was an attempt.

3 We also did bridge funding, bonding for
4 that. We also did public transportation funding.

5 As a matter of fact, the governor
6 also -- the previous governor also made several
7 suggestions on what he would have liked to have done
8 with transportation, and a lot of them are actually
9 in this report. But if you recall, we were told that
10 there's a new administration coming and let's wait
11 and give the new governor the opportunity to do
12 something.

13 So I -- I get really irritated when
14 someone blames the previous administration when
15 something hasn't been done, when people seem to
16 forget.

17 So maybe it's because it's Leap Day and
18 I get a chance to yell. I apologize, Mr. Chairman.
19 But I'll be nicer now.

20 Mr. Secretary, thank you for being
21 here.

22 One of those projects that we did -- we
23 talked about was the bridging, and we used the
24 bonding for the bridges.

25 You mentioned that the money is running

1 out. How much money is in there and is there --

2 SECRETARY SCHOCH: Well, we have the --
3 the -- the four \$200 million issuances that we've
4 done. And this is the last year, this current fiscal
5 year is the last year of that \$200 million.

6 So what that's enabled us to do, that,
7 coupled with the ARRA funding at the federal level,
8 enabled us to deliver on average about 400 to 450
9 bridges a year.

10 And that's going to start dropping.
11 This year coming up it will drop down to over 300
12 bridges. We'll lose about a hundred bridges because
13 of reduced funding. And then when it fully goes
14 away, meaning when there's no remaining money from
15 the bond bill, and we have the debt service instead
16 of \$60 million, we believe we'll drop down to about
17 200 to 250 bridges a year.

18 And as I mentioned earlier, that means
19 we're losing ground. When you own 25,000 bridges and
20 the average age is 50 years old, as much as -- as
21 we're trying to be efficient and -- and do everything
22 we can to modernize our approach, the materials are
23 no different than the tires on your car, the roof on
24 your house or anything else. They age and they get
25 weaker as they age.

1 When you and I both try to play
2 basketball still and you know yourself running up and
3 down the court against a 25-year-old isn't quite the
4 way it used to be. And that's because our bodies
5 age.

6 And the materials in these bridges age.
7 As they age, they get weaker. And as they get
8 weaker, unless you do something about it, eventually
9 they will become structurally deficient, posted
10 and/or closed.

11 So our estimates are we need to do about
12 300 a year to keep up. Just to keep current with our
13 maintenance needs. And we're going to drop below
14 that starting next year. We're going to drop
15 probably to 200, 250 after we get past this year of
16 the accelerated bridge program.

17 REP. PAUL COSTA: Is that something that
18 the Governor is looking at so we can build that
19 number back up again?

20 SECRETARY SCHOCH: Absolutely. That's a
21 key thing.

22 You know, when he and I talk about this,
23 the key thing he's focused on is public safety.

24 And the other thing that he and I talk
25 about frequently is when we post bridges, weight

1 restrict them, or if we close them, we're actually
2 charging people. We're costing people money to drive
3 around a closed bridge or if you have a weight
4 restricted bridge and in some cases we're affecting
5 public safety because -- Senator Vance mentioned that
6 we have a weight restricted bridge where firetrucks
7 and emergency vehicles can't go across it now. So
8 the response time is changed.

9 So public safety and then the cost
10 simply of driving around a -- a bridge. If you can't
11 access it, if you're a heavy vehicle and you have to
12 drive around it and you get five miles to the gallon,
13 you know, a 20-mile detour costs you a lot of money.

14 So there's both an economic cost,
15 there's public safety costs. So I think the bridges
16 have been a primary focus of his when he and I talk
17 about this.

18 REP. PAUL COSTA: Thank you.

19 On a personal note I want to thank you
20 again for your accessibility. A month or two ago we
21 had a policy meet -- a democratic policy meeting in
22 Allegheny County at Point Park University and you
23 were gracious enough to not only testify but sit
24 there for about two hours. And it was a pretty
25 hostile crowd that was asking questions, and I

1 appreciate you being there and being up-front.

2 SECRETARY SCHOCH: I appreciate that. I
3 didn't think you guys were hostile. Just -- if that
4 was hostile, I think I'm prepared for worse.

5 REP. PAUL COSTA: Thank you,
6 Mr. Secretary and Mr. Chairman. Thank you. And,
7 again, I apologize for getting off so --

8 CHAIRMAN ADOLPH: I hope -- as long as
9 you feel better.

10 Representative Tina Pickett.

11 REP. PICKETT: Thank you, Mr. Chairman.

12 Good morning --

13 SECRETARY SCHOCH: Good morning.

14 REP. PICKETT: -- Secretary Schoch.

15 Just a couple of local things, I guess,
16 for me. In the past couple of years, we've had a few
17 bumps in the road, if I might say it that way, about
18 getting ten-ton postings ironed out from district to
19 district and -- and working with our timber industry
20 and so forth.

21 Do you think we have that one sort of
22 captured at this point? Do we have a good plan on
23 that one?

24 SECRETARY SCHOCH: I think we made a lot
25 of progress on that and -- and certainly with the

1 recent legislation it -- it appears that they're -- I
2 think they're getting much happier with the
3 situation.

4 The issue for them and many of our
5 industries that -- that were affected, I'll say, by
6 the Marcellus shale coming to town was that in the
7 past they paid nothing. They were able to manage
8 their rides so that they did not have a detrimental
9 effect on our posted road program.

10 And certainly with the increase in
11 traffic related to Marcellus shale it affected them.

12 But I think we have made progress on
13 that.

14 REP. PICKETT: And as I ran across this
15 past week, we still have some bridges out there that
16 we can't -- we can't give them a local exemption on
17 in any way and we do need to look at some of those
18 bridges as we well know on that.

19 SECRETARY SCHOCH: Specifically what
20 type of exemption are you talking on?

21 REP. PICKETT: Oh, a bridge that would
22 be restricted in weight. We could give that local
23 business an exemption to ride that ten-ton posted
24 road but they can't cross the bridge anyway. So, you
25 know, milk trucks and that sort of thing were running

1 into some issues with that.

2 SECRETARY SCHOCH: It's -- it's -- it's
3 symptomatic of our problem with our bridges that I
4 was just talking about with Representative Costa, is
5 we are unable to -- to keep up with the investment
6 needs right now on the bridges.

7 And it is affecting commerce. As I
8 said, it's -- it's an economic effect for -- for -- a
9 real effect for businesses throughout the
10 Commonwealth when they can't cross these bridges.

11 REP. PICKETT: And with the increase
12 pricing in fuel, gasoline fuel, diesel fuel, and not
13 really a good future looking down the road on that,
14 do we have any natural gas fueled PennDOT vehicles or
15 are we looking down the road to be able to do that?

16 SECRETARY SCHOCH: We're looking down
17 the road to be able to do that. The private sector
18 is actually making investments in refueling
19 stations. And there's been a lot of changes in
20 technology.

21 There was a time when I would have told
22 you that it does not make sense for us, particularly
23 on the heavier vehicles, to go to natural gas because
24 they didn't have the horsepower capacity to move at
25 the speeds we'd need to move.

1 The other component was where's the
2 refueling stations going to be? And in the past
3 government tried to say, let's put them here. And
4 government can't drive that. The private sector and
5 the demand has to drive it.

6 But we need an adequate refueling
7 station so that we can get a refueling and get back
8 out. For instance, the last thing somebody wants to
9 hear from a snowplow is we'll be back in 30 minutes
10 because we have to go refuel.

11 So the more prevalent the refueling
12 stations the more opportunity it is for us.

13 We're also looking at coupling with
14 transit agencies. There's two issues with changing
15 to natural gas. One's converting and the cost of
16 converting and seeing how economically feasible it is
17 to recover that cost.

18 The second is to have a maintenance
19 facility that meets the requirements from O.S.H.A. to
20 actually work on them. I guess there's different
21 requirements.

22 For instance, in Williamsport, the
23 transport agency is going to convert to natural gas.
24 They're going to build a facility that they'll be
25 willing to share with us for maintenance. That means

1 an opportunity for us to invest in that technology
2 and change the fleet over.

3 So we are aggressively looking at that,
4 trying to partner with other state agencies, other
5 transit agencies, and where appropriate convert our
6 fleet where it makes economic sense.

7 REP. PICKETT: It's good news because,
8 of course, we cannot not only save a lot of money in
9 the budget, but we can use the product that's right
10 here in our --

11 SECRETARY SCHOCH: Absolutely.

12 REP. PICKETT: -- in our state. So
13 that's --

14 SECRETARY SCHOCH: We'd be very foolish
15 not to do that.

16 REP. PICKETT: -- very good news. So
17 thank you.

18 SECRETARY SCHOCH: Uh-huh.

19 CHAIRMAN ADOLPH: Thank you,
20 representative.

21 Representative Matt Smith.

22 REP. SMITH: Thank you, Mr. Chairman.

23 Thank you, Mr. Secretary. Over here.

24 And thank you for all your work over the
25 last year on transportation issues. I know you're

1 committed and dedicated to -- to finding a solution
2 as opposed to simply blaming others for the problem.
3 So I appreciate that.

4 One component of the transportation
5 issue that we're facing that hasn't been talked a lot
6 about today is mass transit, and -- and today
7 actually in Pittsburgh there is a hearing on the Port
8 Authority's proposed 35 percent reduction that, I
9 believe, will take effect in September of this year.

10 And as part of that, part of the
11 testimony today, I know, and over the last couple
12 weeks some of the statements that have been made,
13 that that level of reduction in the Port Authority's
14 service will directly result in less economic
15 development. It will threaten the economic rebound
16 that -- that has been occurring in western
17 Pennsylvania over the last five to ten years.

18 It's a jobs issue. It's an economic
19 growth issue.

20 Can you elaborate a little bit, either
21 the work with the commission or the administration,
22 on how important the administration views mass
23 transit investment and whether you view it as being
24 directly connected to economic growth?

25 SECRETARY SCHOCH: It absolutely is

1 connected to economic growth and stability. You
2 know, I asked -- got asked the question earlier about
3 the distribution of -- of funds to rural areas versus
4 urban areas. And it is true that we subsidize rural
5 roads. And, you know, people ask me frequently about
6 the subsidy for mass transit, which we do subsidize
7 them.

8 But we subsidize rural roads at a lot
9 higher rate than we subsidize our mass transit
10 systems. Where does the money come from for the
11 rural roads? From our urban centers, which require a
12 healthy mass transit system in order to be
13 economically viable.

14 So we certainly need to invest in mass
15 transit.

16 The Port Authority's situation is unique
17 because of the three factors. One is the legacy
18 costs for retirees. They're the only transit agency
19 in the state that offers full lifetime benefits for
20 retirees. That's probably 25 to \$30 million of the
21 portion of the costs they're talking. That was a
22 locally decided issue in negotiations with unions.

23 The second was debt service which
24 extends to the year about 2028 or 2030. I'm not
25 exactly sure of the debt service. But out around

1 that vicinity is debt service. Again, about another
2 third of the problem.

3 And the other third is they currently
4 have high operator rates, which, again, is higher
5 than others of comparable size. Significantly
6 higher.

7 So I think it's a combination there of
8 both state and local and union-related issues for the
9 Port Authority, which is different.

10 But, in general, I totally agree with
11 you that we need a healthy mass transit system across
12 -- both in our rural areas and urban areas. Our
13 senior citizens rely on mass transit in many areas to
14 -- for the Medical Assistance rides. It's very
15 important.

16 And, as you say, in Pittsburgh, if we
17 don't have -- if the cuts do go into place, we don't
18 even have sufficient parking if people had to go to
19 cars to get into the city.

20 And from my perspective on the highway
21 side, putting more traffic on those already congested
22 roads is not going to help anything.

23 REP. SMITH: Yeah. And I think it's bad
24 when you look at mass transit, both in southeastern
25 and southwestern Pennsylvania, it's really one of the

1 few issues that touches across every demographic
2 and -- and age group.

3 As you mentioned, senior citizens are
4 dependent on it. Younger individuals going to work
5 are dependent on it. Employers to get their
6 employees to a job location are dependent on it. So
7 it's really something I think that is interconnected
8 across a whole host of -- of demographic groups, of
9 sectors.

10 And, you know, I think that one of the
11 things when you talk to folks out in our area in
12 western Pennsylvania, and -- and --and the unions and
13 management and -- and the county executives, one of
14 the things that's frustrating to them is I think they
15 all agree that -- that each side, management and
16 labor, are willing to make the changes and in many
17 cases have made the changes to make the Port
18 Authority sustainable long term with a funding
19 model.

20 But one of their frustrations, as it's
21 been expressed to me, is, you know, they also need
22 that other piece of a dedicated source of investment
23 in mass transit and they haven't unfortunately -- and
24 I know Chairman Markosek touched on it earlier
25 haven't -- heard anything from the Governor

1 specifically on what he will come to the table with
2 in terms of some funding when they're willing at the
3 same time to make concessions and make a lot of
4 changes to the sustainability of the Port Authority.

5 And I think -- you know, one of the
6 things I think the public wants us all to do is not
7 cast blame, and I know the Governor has mentioned
8 this is a decades's long problem and he's not
9 certainly going to solve it overnight.

10 But I do think the public expects some
11 solution from the Governor after a year or a year and
12 a half, and I don't think -- I don't think that's
13 asking too much, respectfully, from the Governor.

14 And -- and on that note, have there been
15 any meetings over the last couple months directly
16 related to the TFAC recommendations or are there any
17 meetings scheduled directly related to that issue
18 between the legislative leadership and the Governor?

19 SECRETARY SCHOCH: The Governor stated
20 in his budget address that he wants to schedule a
21 meeting with legislative leaders to -- to discuss the
22 TFAC to see what's reasonable.

23 I don't think that meeting's been
24 scheduled to date.

25 I can tell you we've had a lot of

1 internal meetings within the administration on TFAC.
2 To the point of calling it Groundhog Day. You know,
3 the same meeting multiple times on this topic.

4 But we certainly -- you know, as he
5 said, the next step is to work with the legislative
6 leaders to say, okay, we know what the problem is.
7 We know what the many solutions are. What's workable
8 to go forward?

9 REP. SMITH: But the Governor hasn't met
10 with Representative Frankel, who put the TFAC
11 recommendations in legislative form on the House
12 side, or Senator Corman, who put TFAC recommendations
13 together as a legislative vehicle on the Senate
14 side?

15 SECRETARY SCHOCH: To date, no.

16 REP. SMITH: Okay. And -- and, again,
17 just to sort of sum up, I -- I appreciate the work
18 you're doing. I -- I think, as Chairman Markosek
19 said, you're doing a great job.

20 But at the end of the day we really need
21 the Governor to step up and actually set up a meeting
22 with the legislative leaders who are pushing this,
23 the TFAC recommendations, to find out of that menu of
24 options that you all placed within the
25 recommendations which ones are workable for the

1 Governor.

2 Because it is an emergency. Not only on
3 the roads and bridges side but, as I said, on the
4 mass transit side where -- where those of us in
5 western Pennsylvania are looking at the decimation of
6 our mass transit system, which will not only impact
7 the riders of mass transit, but impact economic
8 growth that's currently occurring in western
9 Pennsylvania.

10 So I would just implore you. If he
11 needs Chairman Markosek's cell phone, I can give the
12 Governor Chairman Markosek's cell phone if that would
13 be helpful.

14 SECRETARY SCHOCH: You want to announce
15 it --

16 REP. SMITH: But thank you.

17 SECRETARY SCHOCH: -- here while we're
18 on TV? I'm sure the Chairman would appreciate that.

19 REP. SMITH: He would, I'm sure. Thank
20 you.

21 SECRETARY SCHOCH: Thank you.

22 REP. GEIST: And everybody else would.

23 SECRETARY SCHOCH: Yeah.

24 CHAIRMAN ADOLPH: Thank you.

25 Representative Gordon Denlinger.

1 REP. DENLINGER: Thank you,
2 Mr. Chairman.

3 And good morning, Mr. Secretary.

4 SECRETARY SCHOCH: Good morning.

5 REP. DENLINGER: Thank you for joining
6 us.

7 I want to go back after the TFAC just a
8 little bit if we can, and I know we've had some
9 discussions about it this morning.

10 But doing some rough math on this, the
11 uncapping of the oil company franchise tax, which
12 currently, I think, is capped out at 19.2 cents --

13 SECRETARY SCHOCH: Correct.

14 REP. DENLINGER: -- per gallon. Based
15 on -- and, again, I'm just looking at current info
16 here -- 3.13 as a price per gallon, wholesale price
17 for March purchases.

18 If we were to uncap that, we're talking
19 about an OCFT of 48 cents or an increase per gallon
20 of 28.8 cents. And I'm wondering, quite frankly, if
21 in your role with -- within the TFAC Commission was
22 there a frank discussion about the possibility, the
23 probability of policymakers on both sides of the
24 aisle throwing up a vote to increase the per -- the
25 per price -- gallon price at the pump 28.8 cents per

1 gallon?

2 SECRETARY SCHOCH: We had extensive
3 discussion about the effect of it. And frankly the
4 reason -- the -- the oil company franchise tax was
5 looked at instead of a flat tax is that there's two
6 components on our current taxing on gasoline tax.

7 One is a flat tax of 12 cents. The
8 other is the oil company franchise tax. The oil
9 company franchise tax is at the wholesale level, and
10 as secretary -- previously Secretary Mowry said, when
11 they changed the millage rate there was not a direct
12 correlation to the pump.

13 And the reason that -- that we believe
14 that that wouldn't occur in the future and it
15 wouldn't be as direct as you suggested is that today,
16 if you look at -- across the state in our major city
17 areas across the state, you'll see a fluctuation per
18 gallon of 15 to 20 cents per gallon, today. If you
19 get on today and Googled it, that's what you find.
20 With the exact same tax structure.

21 So what's that tell you? It tells you
22 that taxes alone do not drive the price of fuel.
23 What drives the price of fuel are many factors at the
24 wholesale level.

25 What would happen in terms of the

1 markets adjacent? For instance, in other states.
2 What's happened in terms of demand?

3 And we know that if we place -- for
4 instance, you said an increase of 28 cents as a flat
5 tax, it would absolutely get passed on to drivers.
6 If we do it at the wholesale level, other factors
7 factor into their pricing strategies. Not
8 necessarily gas.

9 So we don't believe it would be fully
10 passed on. How much of it? It would be very
11 difficult to ever know because we can't get to that
12 information.

13 But we know it's never been cent for
14 cent. That's why we believe it's the appropriate
15 place to increase the actual cost.

16 REP. DENLINGER: I appreciate that. It
17 is -- I mean even, you know, using your argument,
18 let's say only 20 cents actually gets passed on, but
19 a very tough situation in an economy such as we are
20 in. And I -- and I know you understand that so --

21 SECRETARY SCHOCH: I do. The only thing
22 I'd point out is that the -- let's -- let's look at
23 it the other way, if we don't do it.

24 If we don't do it, what are we charging
25 you otherwise? Like if you're in an urban area and

1 you're sitting in congestion and -- on a daily basis,
2 if you're sitting in any of our urban areas, and --
3 and that happens all the time on a daily basis, if
4 you're wasting a half gallon of gas today, even if
5 you assume it's \$3 a gallon, if the total fuel that
6 you're consuming while you're sitting in traffic
7 because we're not willing to do anything about it,
8 that cost could be a dollar fifty a day or 7.50 a
9 week.

10 That's a much higher cost than what we'd
11 like to charge to fix the problems. So there's a
12 cost to taking action to motorists, but I always tell
13 everyone that government is going to charge you one
14 way or another.

15 If we don't charge you to fix this
16 problem on this particular issue, we're charging you
17 another way. We're charging you to sit in traffic or
18 driving around posted and closed bridges. And that
19 cost is much higher and the beneficiary is the oil
20 companies.

21 And, quite frankly, I don't think they
22 need our help making profits right now.

23 REP. DENLINGER: That point is
24 appreciated.

25 And one other issue quickly if I can in

1 the first round -- and I'd like to be added to the
2 second round -- is something that I think we're all
3 wrestling with and that's the movement toward zero
4 emission vehicles, which are now mass marketed, the
5 Nissan Leaf and so forth.

6 They're plugging in not -- they're
7 putting miles on our roads. They're not paying.

8 I'm wondering, do you as -- as head of
9 our chief -- as chief of our transportation agency
10 have a perspective on what you would suggest, be that
11 some kind of vehicle miles capture device on cars or
12 is there some other perhaps tax at the electric
13 charging station that you would prefer to see?

14 What -- what would you like to see
15 there?

16 SECRETARY SCHOCH: Well, we're going to
17 study that actually. That was part of the TFAC
18 recommendations, was to have us initiate a study of
19 what's the next generation of finance.

20 Because if you look not only at -- as
21 you say the plug-ins but just simply the CAFE
22 standards, meaning the average fuel efficiency, it --
23 it's forecast right now that by the year 2025
24 we'll -- even if everybody drives the same mileage,
25 we're going to have \$350 million a year less just

1 from -- because of increased miles per gallon.

2 And that's all factors. It's not just
3 the electric vehicles.

4 We do have an alternative fuel tax we
5 can collect on, say, natural gas and others based on
6 BTU. But it's hard to do it for electric, because,
7 as you say, they can plug it in at home. And how do
8 you isolate what portion of the electric bill was
9 used for the car?

10 So some type of a mileage tax is where
11 we need to get to as a nation. And I say as a
12 nation, because it goes beyond the borders of
13 Pennsylvania.

14 Because how do you collect from other
15 folks who are driving in from other states? It could
16 be an odometer tax. It could be on your registration
17 tied to the amount of miles you drive a year.

18 It could be on -- we had a suggestion
19 from one of our employees, and I thought it was a
20 good idea, which is to look at taxing oil, motor
21 oil. Because if you're driving an electric car, you
22 still need oil to run the engine.

23 As a transition. Meaning you might
24 eliminate the gas tax and replace it with a different
25 version.

1 So there's a lot of things out there. I
2 think the actual VMT, vehicle miles travel tax, I
3 believe is way out there in the future because of the
4 difficulty in getting people to agree to have
5 something in their vehicle that tracks where they're
6 going. The Big Brother effect of that.

7 There might be a younger generation that
8 doesn't care about that, but I can tell you, just
9 when we talk about EZ Pass people get concerned about
10 using that and being tracked. So I think that's a
11 20, 30 or beyond issue.

12 In the interim we've been pushing the
13 federal government to relax their restrictions on
14 tolling. Why? Tolling is mileage based. The
15 interstate system is 50 years old. It needs to be
16 rebuilt.

17 We should be spending a billion and a
18 half just on the interstate system. I-95 alone might
19 be a 12 to \$15 billion project, to rebuild that.

20 If we can do tolling -- and -- and, you
21 know, I know many of you are -- were concerned about
22 tolling 80 because we selected one road. If we said
23 we're going to to toll all of the interstates or the
24 major ones over a five-year period, so there's no
25 economic disparity between the corridors. Tolling is

1 mileage based.

2 The federal government currently doesn't
3 allow that. We're pushing them hard to relax that
4 restriction because that could be an interim step so
5 that if you're driving an electric vehicle, for
6 instance, the turnpike, they'll get the same revenue
7 from a Leaf that they'll get from my 300, my Chrysler
8 300.

9 Because it doesn't matter how it's
10 fueled. It's based on a mileage basis. So tolling
11 could be an interim step.

12 REP. DENLINGER: Very good. I
13 appreciate those comments.

14 Thank you, Mr. Chairman.

15 CHAIRMAN ADOLPH: Thank you,
16 representative.

17 The next -- the next question will be by
18 Tim Mahoney.

19 REP. MAHONEY: Thank you, Mr. Chairman.
20 Thanks for coming, Mr. Secretary.

21 I want to change up a little bit. I --
22 I want your opinion on the shared ride programs, the
23 senior ride programs and the disability for people
24 ride programs, and where do you think the funding is
25 going to be in the future for these programs?

1 SECRETARY SCHOCH: Well, there's three
2 programs that I'll call shared ride. We administer
3 them, the aging department administers one, and then
4 the DPW administers the Medical Assistance
5 transportation program.

6 So there's three components to shared
7 ride, and the funding comes out of the General Fund.
8 And frankly both our state and other states, having
9 served on finance commissions in other states, are
10 wrestling with this problem.

11 I think the solution to this is
12 twofold. One, I think we should work towards
13 consolidating those three programs into one agency
14 administering them. Because it's difficult for the
15 transit agencies to deal with three of us
16 administering certain funds at the county level. And
17 it's both county level and transit agencies.

18 So I think that's one thing that would
19 both save our end of government money and make it
20 easier for our local partners. And we're working
21 towards that to see if we can accomplish that.

22 The other thing is consolidation at the
23 county level. Right now every county administers
24 those programs, and in some counties you can't cross
25 county lines. So someone might have an Medical

1 Assistance doctor visit and the doctor might be --
2 there might be one five miles away, across the county
3 line, and might be 50 miles the other direction
4 within the county. So right now we're paying for
5 that 50-mile ride instead of the five-mile ride
6 across county lines.

7 If we consolidate and say that we're
8 going to have counties joined together and offer
9 those in multi-county jurisdictions, one, it
10 eliminates that cost. And, secondly, it eliminates
11 some duplicative overhead cost of each county
12 administering the program.

13 Some counties have already done this. I
14 think it applies to both the shared ride services as
15 well as fixed route. We've seen tremendous savings.

16 So with the same exact funding level, we
17 could provide better service at a lower cost if we
18 did consolidation both at the state level and the
19 county level.

20 I think we have to do that because I
21 think that the dollars are going to continue to be
22 tight. The cost of transportation is going to
23 continue to grow as the cost of fuel goes up. So we
24 have to combat the costs where we can.

25 Consolidation would combat it both at

1 the state and local level.

2 REP. MAHONEY: Thank you very much for
3 your opinion.

4 CHAIRMAN ADOLPH: Thank you.
5 Representative Quigley.

6 REP. QUIGLEY: Thank you, Mr. Chairman.
7 Thank you, Mr. Secretary.

8 I just wanted to get, you know, an
9 opinion or some input from you as it relates to the
10 whole concept of transportation funding and trying to
11 sell it to the public.

12 Because -- and I'll just give you an
13 anecdotal example. Last year, as you probably know,
14 the Delaware Valley Regional Planning Commission had
15 a proposal to toll Route 422 through Berks County,
16 Montgomery County, Chester County.

17 Myself and my colleagues were confronted
18 with that issue, and we actually held a public forum
19 to let the Delaware Valley Regional Planning
20 Commission make their pitch to what's wrong with 422,
21 how this plan would help, that sort of thing.

22 We had about 450 people show up,
23 obviously not happy with the idea of tolling, and the
24 biggest applause line that one of the proponents of
25 the tolling got is, when we talked about the

1 different options, when he said, the other option we
2 could do nothing, and that was the biggest applause
3 line perhaps of the -- of the evening.

4 So, you know, I think when we talk about
5 this idea of looking at the -- the oil stock and
6 franchise tax, looking at the idea of tolling,
7 there -- there seems to be a disconnect, at least
8 from -- from my perspective and -- and through that
9 example and other examples where we talk about the
10 need for more money and more funding and yet people
11 in my district -- we just had two bridges that were
12 repaired, one between Royersford and Spring City and
13 then one in Pottstown over the Manatawney Creek, and
14 I want to compliment the department and those
15 contractors because all that work was done well ahead
16 of time so the people were very thankful for that.

17 But do you see what I mean where we're
18 talking about we need more money and yet people
19 driving around see these projects going on right now,
20 Route 202 being torn up down the middle for
21 construction. So I think it's -- we have trouble as
22 legislators trying to convince people that we need
23 more money for these projects.

24 I just wanted to know, you know, is
25 there any way we could do that better or any way we

1 day, in the morning and at night --

2 REP. QUIGLEY: Right.

3 SECRETARY SCHOCH: And it's more than
4 that. But a tenth of a gallon, at 3.50 a gallon is
5 35 cents in the morning, 35 cents a night, 70 cents a
6 day, 3.50 a week. Not to mention they're never
7 getting that time in their life back.

8 REP. QUIGLEY: Right.

9 SECRETARY SCHOCH: The -- the
10 unreliability of the trip time. So what we can do
11 is -- the full TFAC recommendations, all -- if all of
12 them got rec -- you know, implemented, legislatively
13 implemented, by year five, five years from now, it
14 will cost the average driver about 2.50 a week.

15 I just described 3.50 a week which I
16 think is well under what the real cost is in fuel
17 consumption. We would be able to solve that 422
18 problem without tolling with -- if people contributed
19 2.50 a week.

20 So the question is -- and I think this
21 is actually what I ought to talk to the public
22 about and the business leaders -- is what if we don't
23 do it? What's the cost to you? And who is charging
24 you? How are we charging you in that effect? And
25 what is it going to mean in terms of quality of life,

1 trip reliability, and safety?

2 Because ultimately, when we do polling,
3 that's what people are concerned about. It's can I
4 get to my kids' game and know that I -- that if I
5 leave work at a certain time I can actually get there
6 in 40 minutes. Or is it anywhere from 40 minutes to
7 an hour and 20 minutes because of traffic? How long
8 is it going to take me to get to work?

9 Businesses, what are they spending in
10 terms of their trucks and -- and -- and both goods
11 and people being stuck in traffic. What's the lost
12 productivity? What's that costing them?

13 I think we have to turn the argument
14 around a little bit in terms of how we can benefit
15 public safety, benefit quality of life, and reduce
16 people's costs and -- if they're willing to invest.

17 People make the same decisions all the
18 time at home about taking care of their home, taking
19 care of their car, and regularly maintaining their
20 car.

21 You change your oil for a reason. You
22 don't complain about the cost of it. You change it
23 because you want to extend the life of your car.

24 And that's what we need to do with our
25 highway systems. That's what we're working on in our

1 messaging and it's a honest dialogue you have to
2 have.

3 I think the 422 issue, much like the
4 I-80 issue, was why this route? If you said we're
5 going to toll all the interstates, it takes the issue
6 of why 80? If you said we're going to toll all of
7 the routes, you know, the major routes in and out of
8 Philadelphia, it takes out of -- the issue of why us
9 instead of 309?

10 It's a logical question for somebody to
11 ask. Why should we pay the toll when five miles over
12 they're not paying it?

13 REP. QUIGLEY: Right.

14 SECRETARY SCHOCH: So I think the
15 broader solution is to say everybody is going to
16 contribute to this and everybody is going to benefit
17 from it. That's what we need to get to.

18 REP. QUIGLEY: Okay. Thank you for your
19 comments.

20 SECRETARY SCHOCH: Thank you.

21 CHAIRMAN ADOLPH: Thank you. And I'd
22 like to acknowledge the presence of Representative
23 Mark Gillen of Berks County who has joined us.

24 And the next question will be offered
25 from Representative Ron Waters.

1 REP. WATERS: Thank you. Thank you so
2 much, Mr. Chair.

3 And thank you, Mr. Secretary, for being
4 here today.

5 Mr. Secretary, I have two questions that
6 I'd like to ask, and one is not necessarily related
7 to the other, but nonetheless the one question I want
8 to start off with is the -- in the Governor's budget
9 address, he speaks about the -- the one million
10 dollars for nondriver's license ID card for people
11 who can't afford -- or who -- who don't have or can't
12 afford to purchase this -- the state IDs for purposes
13 of voting.

14 Based on what -- he had stated it's
15 going to be a -- one million dollars that's going to
16 be used for that.

17 And according to the -- the -- the maker
18 of the bill that is sponsoring mandating this, he
19 says it's going to cost about \$4.3 million to do it.
20 That's a pretty big discrepancy.

21 And based on what other states, like
22 Indiana, when they implemented it, they said that it
23 cost them about \$10 million to implement this
24 program, and their state is a whole lot smaller than
25 our state is.

1 Can you please speak about this?

2 SECRETARY SCHOCH: Sure. The million
3 dollars is to reimburse us for costs that are not
4 eligible for motor license use for us to produce the
5 -- the actual photo ID for folks to use -- to use to
6 comply, as you say, with the new requirements.

7 Relative to the cost estimate, I may
8 have to get back to you on that. I mean that's our
9 estimate based on what we know about the licensed
10 drivers, the people that have the photo IDs today.

11 But I -- if you don't mind, I'd like to
12 get back to you with an analysis on how we got to
13 that number. Off the top of my head I can't answer
14 it directly, but I know that the cost is the estimate
15 of what would be above and beyond our costs that we
16 normally have to issue driver's licenses, and we
17 cannot use motor license fund money to produce --

18 REP. WATERS: Right.

19 SECRETARY SCHOCH: -- a photo ID for a
20 voter. So that's the intent of the cost. In terms
21 of the origin or the estimate, I'll have to get back
22 to you.

23 REP. WATERS: All right. Thank you.
24 Thank you. And I appreciate your answer.

25 And the other question is something that

1 has occurred in -- in my district where there is a
2 state highway, and the state highway has some safety
3 issues in terms of it's a wide street where people
4 have a difficult time crossing.

5 And I heard earlier about the
6 conversation about the handicap ramps. It's -- it
7 made me think about this particular problem, too.

8 In -- in the case of the state highways,
9 I believe the way the department gives money to the
10 city -- I'm from Philadelphia -- to handle the state
11 highways, but if there is a particular concern,
12 because years ago when I asked for traffic signals to
13 go up in an area where I believed they were necessary
14 because it was unsafe, they were basing their
15 determination as to if a traffic signal would go up
16 on accidents or injuries that occurred at that
17 crossing.

18 How do you estimate -- your department,
19 how do you see, what's your envision for a state
20 highway that we -- it should be handled?

21 SECRETARY SCHOCH: For traffic signals?

22 REP. WATERS: Yes, for traffic signals.

23 SECRETARY SCHOCH: Well, anytime anybody
24 asks us about a traffic signal, we conduct a warrant
25 study. And there's a number of warrants to go

1 through. It can be traffic volumes. It can be
2 accidents. It can be safety-related issues. There
3 are a number of or series of things that say is it
4 warranted or not?

5 Sometimes the installation of traffic
6 signals, if it doesn't meet warrants, those warrants
7 exist for a reason. If we don't meet them, what our
8 history tells us is that the action -- the signal can
9 cause a bigger safety problem and it can cause
10 increased fuel consumption because of congestion.

11 So the -- the warrants are based on
12 actual analysis of -- over the years of where they've
13 been effective and not effective.

14 So any time someone suggests to us to
15 look at a signal, we'll go through and analyze it to
16 see what the traffic volumes are, what the accident
17 history is, what the pedestrian situation is, and
18 then do an analysis of whether we think it meets
19 those warrants and will be helpful or would it be
20 harmful.

21 So if you have suggestions, we'd be
22 happy to take a look at anything you -- and -- and
23 share with you the results of our analysis to why we
24 think it would be beneficial or perhaps harmful to
25 place one.

1 REP. WATERS: I appreciate that answer,
2 too. And based on what my colleagues, Paul Costa and
3 all them, said about you as a stand-up guy, I look
4 forward, you know, to getting your input about a
5 couple of issues that we have with state highways
6 inside the city of Philadelphia.

7 SECRETARY SCHOCH: Would you like me to
8 set up a meeting with you to --

9 REP. WATERS: Absolutely.

10 SECRETARY SCHOCH: Sure. We'll do that.

11 REP. WATERS: All right. Thank you.

12 SECRETARY SCHOCH: Uh-huh.

13 REP. WATERS: Thank you, Mr. Secretary.

14 CHAIRMAN ADOLPH: Thank you.

15 Representative Martin Causer.

16 REP. CAUSER: Thank you, Mr. Chairman.

17 Welcome, Mr. Secretary.

18 SECRETARY SCHOCH: Thank you.

19 REP. CAUSER: My questioning comes from
20 a rural perspective. I -- I represent one of the
21 most rural parts of the state with a lot of rural
22 state highways.

23 And I know a previous colleague had
24 talked about the funding formula for distribution out
25 to activities in -- in the particular counties, and

1 I -- I hear from, you know, county officials, county
2 maintenance officials that work for you, that there's
3 just never any money after we do regular
4 maintenance.

5 And, you know, we're -- we're in a
6 situation where, you know, we're lucky to see maybe
7 one road per year paved per county, and that's just a
8 very small skim coat on the top.

9 You know, so we're -- we're in a
10 circumstance where, you know, our -- our roads are in
11 very poor condition, and we're not keeping up with
12 the maintenance, but yet the people that I represent
13 feel that we're -- we're not getting anything now, so
14 to look at other, you know, taxes or fees that we
15 may -- that may be proposed to make improvements, the
16 people that I represent are thinking, okay, you're
17 going to go to Harrisburg and vote for this stuff and
18 you're still not going to get anything.

19 So it's a very difficult thing to argue
20 when your constituents feel that -- that you're
21 getting the short end of the stick now.

22 And I understand your previous comments
23 where you said any time you adjust the funding
24 formula there's going to be winners and losers. I
25 understand that.

1 And -- but it's -- it's a very tough
2 sell when your constituents aren't seeing anything
3 now. So....

4 SECRETARY SCHOCH: Well, I think what
5 they're -- what they're seeing is -- you're right on
6 the county maintenance -- on the state road
7 maintenance where we would traditionally use
8 maintenance dollars to go out and do repaving, we're
9 doing very little of that.

10 We don't have -- as you say we're down
11 to bare bones on winter maintenance and then summer
12 maintenance on basically holding the system together,
13 not improving it.

14 If anything, our focus on bridges has
15 resulted in the reduction of the quality of our road
16 surfaces because we've said the bridges are more
17 important. Because, frankly, a bridge can fall
18 down.

19 You know, a -- a roadway might get
20 rough, but it's not as dangerous as a bridge problem,
21 nor as costly if we don't get to it and we cause
22 people to do a -- you know, drive around it for a
23 detour posted. Again, we're not going to let it fall
24 down, but we close it.

25 So we have gotten down to the point

1 where our road surfaces are deteriorating in quality
2 and we're not doing, as you say, much paving.

3 In terms of your constituents knowing
4 what they would get, would they pay more fees, one
5 thing I'll commit to each and every one of you and
6 the public watching this, is that whatever gets
7 discussed as a fee package, we will have a
8 corresponding list of projects and dollars for
9 maintenance that will go to each county.

10 So you will know exactly what you're
11 getting, what projects we will deliver over the next
12 decade, and what money will go to your county for
13 maintenance should you pay more.

14 I think everyone deserves to know, both
15 you on behalf of your constituents and them directly,
16 to be able to look and see what would I get for
17 this. So we will publish that and daylight it. I
18 think it's the right thing to do.

19 If we were in the private sector and we
20 were saying we wanted to raise money from -- for --
21 you know, go out and say we'll raise money and sell
22 new shares.

23 Your shareholders, which is the public,
24 would want to know what are you doing with the
25 money? The board of directors, which is you all,

1 would want to know what we're doing with the money.
2 And we will daylight that.

3 So they will -- you and they will know
4 exactly what would happen over the next decade should
5 funding be increased.

6 REP. CAUSER: I think it's vitally
7 important. I think it's something we -- we
8 definitely have to be able to sell to our
9 constituents and show them, if we're going to
10 consider these things, this is exactly what you're
11 going to get.

12 SECRETARY SCHOCH: Absolutely.

13 REP. CAUSER: So I -- I appreciate that.
14 I mean I come from an -- from an area where I have
15 significant dirt and gravel roads that are state
16 roads. I think some people, even in this building,
17 can't comprehend the fact that we have state highways
18 that are still dirt and gravel. I've --

19 SECRETARY SCHOCH: Lots of them. Lots
20 of roads.

21 REP. CAUSER: And, you know, I've got
22 state highways that haven't been paved in decades
23 and -- and, you know, to -- to sell that back home is
24 very difficult.

25 Another question. You had mentioned

1 earlier in response to the Chairman's question
2 regarding the Marcellus shale legislation the effect
3 that your department will have.

4 And can you speak to that? What will
5 your department be getting exactly?

6 SECRETARY SCHOCH: The fees.

7 REP. CAUSER: I know that you're getting
8 a portion of -- of bridge revenue, bridge --

9 SECRETARY SCHOCH: We get --

10 REP. CAUSER: -- funds.

11 SECRETARY SCHOCH: Yeah. We get a
12 billion -- or a million dollars a year would go for
13 rail freight, and the other is 15 million and growing
14 over time for our highway and bridge needs along that
15 corridor. So -- or in the areas that are affected by
16 Marcellus shale.

17 So in the counties that pass the
18 legislation we have the ability to go back and invest
19 in those areas for the roads and bridges.

20 And primarily what that would do would
21 be -- again, on our -- on our dirt and gravel roads
22 and our other bonded and posted roads, those are
23 being handed by -- handled by maintenance agreements
24 and we'll continue to do so going into the future.

25 This additional money we would use to

1 work on exactly the bringing up those roads that lead
2 you to those bonded and posted roads. Right now
3 they're experiencing accelerated deterioration. We
4 don't have any money to deal with that.

5 So that money will be dedicated to going
6 back and working on surface improvements and
7 maintenance of those roads and bridges.

8 REP. CAUSER: I do think that some of
9 that revenue definitely has to go back to the -- the
10 areas where, you know, where drilling is taking
11 place.

12 SECRETARY SCHOCH: Right.

13 REP. CAUSER: The roads that are being
14 beat up by that. I mean I've got what we consider to
15 be major state highways, two and three digit state
16 highways that are posted ten tons, that are major
17 arteries, in and out of our communities that are now
18 posted and you have to -- you have to bond them to
19 get in and out of our communities.

20 And -- and I think that's a situation we
21 definitely have to look at --

22 SECRETARY SCHOCH: I agree.

23 REP. CAUSER: -- for this revenue. So
24 thank you for -- for your answers.

25 SECRETARY SCHOCH: Sure.

1 REP. CAUSER: Thank you, Mr. Chairman.

2 CHAIRMAN ADOLPH: Thank you,
3 representative.

4 The next question will be offered by
5 Representative Parker.

6 REP. PARKER: Thank you, Mr. Chairman.
7 And hello, Mr. Secretary.

8 SECRETARY SCHOCH: Hello.

9 REP. PARKER: Let's me start, too, with
10 a huge thank you. I think Germantown Avenue in
11 Philadelphia was scheduled to be repaved, resurfaced
12 and reconstructed since Dave Richardson was the state
13 rep, Allyson Schwartz was the state senator.

14 PennDOT finally got it on the calendar.
15 It was done. But, most importantly, when we
16 contacted your office after the project was completed
17 with challenges in Chestnut Hill, Mount Airy, and
18 Germantown, your team was back out immediately and
19 they addressed all of those concerns. So thank you.

20 SECRETARY SCHOCH: You're welcome. And
21 I'll pass that on to Les Toaso and his staff in
22 District 6.

23 REP. PARKER: Please do.

24 I want to, if we can, sort of take a
25 stroll back to the mass transit discussion that was

1 generated earlier by my colleague, Rep. Smith.

2 You know, there's been much discussion
3 regarding the uncapping of the oil company and
4 franchise tax, and I appreciated your response to his
5 question when you talked about the value and
6 importance of mass transit.

7 But the fact of the matter is we know
8 constitutionally it helps our transportation crisis,
9 but that doesn't do anything to help us with our mass
10 transit issues, which are heavily relying on our
11 sales tax, transfer, and the several other items that
12 are -- are line items that are used to fund mass
13 transit.

14 I want to give you an example that was
15 recently brought to my attention, and that is that
16 with the proposed budget being maintained at the
17 current funding levels, SEPTA in Philadelphia has a
18 \$5 billion backlog in capital project improvements,
19 and people think \$5 billion backlog, okay, well,
20 maybe it might not be that serious. We'll catch up.

21 This is via the mass transit grants,
22 a -- a line item. But when we think about the
23 importance of it, we think about SEPTA's Wayne
24 junction station, for example, that was built in
25 1930.

1 If we have one failure there at that
2 station, it shuts down the entire regional rail
3 system. And so that when we say that -- some folks
4 may think, oh, God, here they are in the southeast
5 complaining again, but, again, when you think about
6 the Commonwealth's economy, the economic engine, six
7 counties generating 50 percent of our General Fund
8 revenues, Allegheny County you heard mentioned
9 earlier, and those five county areas.

10 If our regional rail were ever to shut
11 down as a result of a challenge at -- at like this
12 station in particular, the economic engine in -- in
13 the southeast would -- would clearly be damaged.

14 In addition to that, I wanted to know,
15 at the current funding levels the agency will not
16 have the ability to address a project like Wayne
17 junction until 2020. So the crisis is extremely
18 important.

19 In addition to that, I wanted to note
20 that you mentioned earlier, and I was so happy, that
21 not only is this issue associated with mass transit a
22 huge problem economically, it is a public safety
23 problem for us in Philadelphia.

24 I don't know how many days we pick up
25 the newspaper and we hear about some sort of violent

1 activity taking place at one of our mass transit hubs
2 and the stations, whether it be a robbery, some sort
3 of assault, and one of the first things people in the
4 community mention to us is that, well, if you
5 rehabbed it and lighting was -- was at the station,
6 it would be a little safer for -- for residents who
7 now use public transit even more than they have
8 before because of the increased cost of -- of
9 fueling.

10 So people who were even car sharing now
11 are saying, listen, I think I'll go buy a trans pass
12 and -- and -- and use mass transit.

13 So I wanted to know if you would just
14 sort of reiterate and give us a comment on -- on that
15 and sort of the crisis that you see in stations like
16 the Wayne -- Wayne junction station.

17 And also if you can go back to your red
18 light camera comments. I think one of the first
19 questions you received were questions regarding the
20 red light cameras and, you know, we just dealt with
21 that issue here in -- in the -- in the House and
22 public safety was the reason why we needed to address
23 the issue.

24 But the issue of revenue is not
25 something that we could definitely ignore while

1 public safety was the reason the red light camera was
2 established. I know Chairman Mike McGeehan,
3 Democratic Chair of the Transportation Committee has,
4 reminded us that the Insurance Highway Industry
5 Safety Group has found that there was a 24 percent
6 decline in fatalities from red light runnings in
7 cities where the cameras were used. So public safety
8 is extremely important.

9 But the revenue that was generated from
10 that program occurring only in Philadelphia where the
11 19 intersections are located, where the cameras are
12 established, they helped transportation funding
13 projects across the Commonwealth.

14 So was the purpose of the red light
15 cameras revenue generating to help the Commonwealth?
16 No. It was public safety. But, in fact, it has and
17 that's why people want to have it extended.

18 So if you could just comment on that for
19 me, sir.

20 SECRETARY SCHOCH: Sure. Maybe I'll
21 start with the red light cameras.

22 Technology, you know, the cost of -- of
23 actually looking at -- at policing those, clearly we
24 don't have enough policemen on the ground to -- to
25 police red lights. As a result, we had a lot of

1 running of red lights which is bad for pedestrians
2 and it's bad for motorists.

3 The automation that's now available to
4 us enables us to do it at a much lower cost and
5 reduce the accidents, improve safety. And while it
6 does generate revenue, it's going to be a declining
7 source of revenue.

8 In other words, if we continue to have
9 enforcement success, we'll see revenue go down every
10 year. Now, do we benefit from that revenue in the
11 short term? Sure.

12 But I don't look at that any differently
13 than the State Police writing speeding tickets. We
14 get a lot of revenue from that, and no one would say
15 we should stop writing speeding tickets.

16 And clearly it's there for a reason.
17 It's a deterrent and some think -- you know, I'll say
18 that maybe some of us in the room still occasionally
19 get a ticket, but we're not suggesting we should stop
20 writing that.

21 We'd also like to extend the automation
22 to automated work zones. In work zones right now we
23 have State Police out there. That costs us money
24 up-front. It costs them money, because the State
25 Police work on overtime. On the back end it costs

1 them a higher pension cost payout for the State
2 Police.

3 If we went to automated work zone
4 control, as Maryland did, once again, it would
5 generate revenue initially, similar to the red light,
6 but ultimately what they saw is they got revenue
7 initially and then it started dropping because people
8 slowed down, which is exactly what we want.

9 We're not doing it to make money. We're
10 doing it to get people to drive 40 miles an hour and
11 save lives in our construction zones.

12 So the use of automation is something I
13 think we should continue to push forward in the
14 state. We should expand it because it's going to be
15 beneficial to safety. No different than writing
16 speeding tickets.

17 And no -- no one has drawn that
18 correlation, but when would we -- would we tell the
19 police to stop writing tickets because of revenue?
20 Of course not. It's about public safety.

21 On the SEPTA side, back to your mass
22 transit questions. Thankfully our forefathers built
23 the SEPTA system. Could you imagine if back in the
24 1930s and 40s the same argument we're having, if the
25 public would have said, oh, no, no, no, don't spend

1 that money, let's not build that infrastructure,
2 where we'd be today economically in Philadelphia?

3 Thankfully the public supported that.
4 Thankfully they built that system.

5 It's our turn, our generation's turn.
6 And I'll add this to the comment earlier about how we
7 sell this. Do we want to pass on to our kids a
8 transportation network and system that is so old that
9 it might collapse at any time?

10 We have a federal deficit that is well
11 publicized of what we're handing to our next
12 generation. We're not publicizing this hidden
13 deficit of infrastructure investment.

14 But if we don't act and if we're not
15 willing to accept the generational responsibility,
16 our parents and grandparents paid for this system.
17 We're using it. We've used it up. It needs to get
18 rebuilt.

19 You talk about the substations shutting
20 down SEPTA. That could occur. They've got
21 hundred-year-old bridges out there. If the current
22 generation is saying, I don't want to pay, then look
23 in the mirror and say, are you willing to tell your
24 kids, I wasn't willing to take my -- care of my share
25 of it and I'm going to hand you this transportation

1 system and you're going to have to pay twice or three
2 times what I would have paid to take care of it for
3 you?

4 To me it's a basic generational
5 responsibility. You wouldn't start to tell your
6 kids, I'm going to give you the house and the car
7 and, oh, by the way, I'm doing zero maintenance on
8 the house. It's going to have a leaky roof. It's
9 going to -- everything is going to need painted.
10 Everything is going to need to be replaced. But,
11 hey, we're giving it to you.

12 You wouldn't do that to your children.
13 And yet we seem to be willing to tell our children
14 that this isn't a good time for us to pay. It's not
15 a good time for us to pay more to reinvest in what
16 our parents built for us.

17 That's the interstate system. It's our
18 train stations. It's our bus systems. If we're not
19 willing to invest, then we ought to be able -- all
20 willing to go home and tell our children, we've
21 decided we are going to pass the high costs on to
22 you.

23 I'm not willing to do that to my kids,
24 and I certainly hope that collectively we're not
25 willing to do it to the next generation.

1 REP. PARKER: Thank you, Mr. Secretary.

2 Thank you, Mr. Chair.

3 CHAIRMAN ADOLPH: Thank you,
4 representative.

5 Representative Jeff Pyle.

6 REP. PYLE: Mr. Secretary.

7 Mr. Chairman, thank you.

8 Mr. Secretary, not really going to
9 commentary. Just going to throw questions at you
10 here.

11 Has the Department of Transportation
12 done any kind of projection as to the benefit of this
13 legislature passing a private/public partnership
14 vehicle and what sort of payback could we get on that
15 if we did in fact?

16 SECRETARY SCHOCH: Yes, we have. You
17 know, frequently people talk about public/private
18 partnerships as though it's going to be new highways
19 and major new things built. And that's far from the
20 truth.

21 Only in our major metropolitan areas
22 would there be enough demand for the private sector
23 to even be interested in building any type of new
24 capacity and then tolling to collect their -- their
25 interest back, their -- their initial investment, and

1 make their return on investment back.

2 What we would see though, however, is
3 some of the ancillary parts of our business, for
4 instance, our 511 network which is where you can call
5 and get information on traffic or weather
6 conditions.

7 A lot of states that have P3 bills, the
8 private sector actually operates that and sells
9 advertising and -- and it pays for itself. That's \$5
10 million a year for us. But it would be off-loaded
11 from our costs. The service patrols could be
12 off-loaded in terms of selling advertising on the
13 actual service vehicles.

14 We actually do that at the turnpike.
15 I'm also a turnpike commissioner. We don't have a
16 cost for our service patrols on the turnpike because
17 we use the private sector.

18 So, yes, we believe there's a lot of
19 things the private sector could do and actually
20 probably do better than us. Even the 551, they
21 probably have kids in tee shirts and jeans that could
22 write an application faster than we could write the
23 specifications on what could be done and have it on
24 your cell phone or Smart phone overnight by our own
25 regulations.

1 And I'm not being critical of our
2 staff. They're great. But they have to comply with
3 the federal -- our state laws on procurement, meaning
4 write an RFP, make it so rate can respond, you know,
5 go through the process. They would just do it
6 immediately.

7 So there's some ancillary things that
8 would be immediately beneficial.

9 REP. PYLE: That's super. Thank you.
10 I'm a big fan of 3P [sic].

11 Next question. What is your take on
12 river travel? And you know what I'm alluding to, the
13 Allegheny River. If you're not aware, the Army
14 Corps. of Engineers shut down about a hundred miles
15 of it, the whole way from the Allegheny/Armstrong
16 border to the New York line.

17 Now, within that system there are four
18 integral set of locks and dams. Many of them too
19 small to accommodate today's modern boat traffic, but
20 some of them big enough where we can move bulk sand,
21 fracking chemicals, because central west is kind of
22 the heart of -- of the Marcellus thing going on right
23 now.

24 What is your take on the importance of
25 river travel?

1 SECRETARY SCHOCH: I think it's huge.
2 If you look at the -- the -- the barge traffic that's
3 going on our rivers through hundred-year-old locks --

4 REP. PYLE: Uh-huh.

5 SECRETARY SCHOCH: -- in and around the
6 Pittsburgh area.

7 REP. PYLE: Ours are only 70.

8 SECRETARY SCHOCH: Yeah. Yours are
9 young. You got young ones.

10 At a hundred years old, if those locks
11 fail and that barge traffic moves to truck traffic,
12 our roadway network, which is already stressed and
13 aging, is going to be overstressed.

14 So we have to. That's one of our modes
15 of shipping and transportation. We talked about rail
16 today, and we talked about mass transit. River's
17 importance is another big part of our transportation
18 system.

19 As a matter of fact, one of the things I
20 strongly advocate from the funding commission report
21 is the creation of the multimodal fund.

22 REP. PYLE: There you go.

23 SECRETARY SCHOCH: Taking the move --
24 moving violation money and creating a \$44 million
25 multimodal fund that gives us the ability to do

1 multi-year planning on all the modes of
2 transportation.

3 We can't do that. We have to wait right
4 now for General Fund or bond issuances that occur
5 sporadically. We don't know on how much money it
6 is.

7 One of the most significant things the
8 legislature could do and -- and the Governor's office
9 together is to create that multimodal fund so that we
10 can actually do multi-year investments in all our
11 modes of transportation, not just highways.

12 REP. PYLE: Now, Mr. Secretary, if it
13 gets Lock Six and Seven on the Allegheny open, I'd
14 like to volunteer my time. Please tell me how you
15 need me. I need those locks open.

16 The next question. Mass transit, is
17 there a way to separate shared ride from the big
18 bus?

19 SECRETARY SCHOCH: Well, they are
20 separated in -- in areas. The shared ride gets on
21 our mass -- fixed route transit systems where they
22 exist.

23 If you look at Philadelphia, you see a
24 lot of shared ride systems going on the fixed route
25 because we have more fixed route service. If you

1 separate it, it's a question of cost effectiveness
2 frankly.

3 REP. PYLE: Well, in terms of cost
4 effectiveness I know TACT Transit, Town and Country
5 Armstrong service provider, the big bus loses money.
6 It bleeds like a stuck pig. The shared ride,
7 however, is widely used amongst our senior
8 population.

9 Hence the question. Is it possible to
10 separate -- and I'm looking at this as a cost saving
11 measure.

12 SECRETARY SCHOCH: Yeah.

13 REP. PYLE: I mean we could -- shared
14 ride addresses our needs. The big buses drive around
15 empty all the time.

16 Is there a way to separate the two in
17 funding?

18 SECRETARY SCHOCH: Well, the -- they are
19 separated in funding now to some extent. Separating
20 them further, I don't know. I could talk to my
21 Deputy Secretary, Tober -- Toby Fauver and we could
22 sit down with you and look at that.

23 I think the issue again though -- back
24 to that concept -- is I think we have to modernize
25 what we're doing with these transit systems. I think

1 we have to go to consolidation.

2 You know, one of the issues facing these
3 transit agencies, you said the big buses riding
4 around, they -- they would like to have smaller buses
5 that are hybrids or electric. They make quick
6 recharge electric vehicles now --

7 REP. PYLE: Sure.

8 SECRETARY SCHOCH: -- that are -- you
9 know, we're piling those down in BART. And I think
10 if we could do more of that, but it takes money to do
11 the initial capital investment.

12 So if you go back to it, if we could
13 invest, a one-time investment, to convert many of our
14 aging transit vehicles, which are -- you know, the
15 average age is 30 years old -- to smaller, more fuel
16 efficient vehicles, it's going to save us money in
17 the long run.

18 So, again, people have asked me at one
19 point different times about the -- when the Liquor
20 Control, when people talked about privatizing that
21 and some of the money going to transportation, I
22 often said, if -- if it did happen, if the money came
23 to us, don't put it into highways and bridges,
24 because, frankly, if we put a billion dollars in the
25 highways and bridges you wouldn't notice it across

1 the entire state.

2 I'm not saying it isn't needed; but if
3 we put the same billion into turning over that fleet
4 and reducing it in size and putting the more fuel
5 efficient electric or natural gas fleet in place,
6 then you reduce the long-term operating costs of the
7 transit agencies. That -- it would be a huge
8 benefit.

9 REP. PYLE: You are -- you just prefaced
10 my next question. I assume when you -- when you
11 reference electric vehicles, you -- you also
12 incorporate into that natural gas --

13 SECRETARY SCHOCH: Absolutely.

14 REP. PYLE: -- LNG, CNG powered
15 vehicles? Very good.

16 Next question. Have you ever been asked
17 by one of these mass transit agencies to help
18 negotiate their contracts? The Port Authority
19 concerns me. And with due respect to the gentleman
20 from Allegheny, lifetime health benefits for
21 pensioners is not something -- I know the state
22 bargained with the Port Authority, yet every year
23 they come back to us needing more money, more money,
24 more money.

25 My question to you is would it be

1 feasible to insert PennDOT into those labor
2 negotiations on the large mass transit systems?

3 SECRETARY SCHOCH: That's a good
4 question. I -- I -- I had a conversation with Steve
5 Bland last week about the Port Authority situation
6 and the upcoming union contracts. And I don't know
7 if it's -- it's -- for us to be inserted, but
8 certainly to give an opinion about what -- what would
9 be important.

10 I think when you look at that particular
11 one, you hit the nail on the head. It's -- it's --
12 there -- a lot of their costs are because of these
13 lifetime legacy costs that no other transit agency
14 offers.

15 Now, one thing we've talked about and
16 internally discussed is if we change any -- create
17 additional funding or legislation, we make state
18 funding contingent upon the fact that you cannot
19 offer anything beyond three years of retirement.

20 So that if you take state dollars for
21 trans -- transit, then, in essence, you're making --
22 if you want to fund that, you fund it locally.

23 REP. PYLE: It's real easy to spend
24 other people's money, Secretary.

25 SECRETARY SCHOCH: Well, I think that,

1 you know, performance measures on what we expect, if
2 you get state money, I think that it's -- it's -- one
3 of the things we suggested, even to go so far as my
4 consolidation point, is to say that we require
5 consolidation studies and then if there's a savings.

6 Now, we're not saying we'll do it in a
7 vacuum. We'll do what the local transit agencies and
8 the county services -- but if we do the consolidation
9 study and there's a savings that's identified, pick a
10 number, half million dollars a year, you either fund
11 that locally -- accept the consolidation or if you
12 don't want to consolidate, then you come up with the
13 other half million dollars yourself.

14 In other words, the state will not
15 participate in an inefficient system. So I think
16 there's some way to tie reform and at least studying
17 the idea of consolidation to initial funding.

18 Whether or not that means us being
19 inserted into actual labor negotiations I don't know,
20 but I certainly think we want to make sure that the
21 state dollars that are being invested are being
22 invested in a consistent manner across the state
23 that's fair and equitable for all.

24 REP. PYLE: That's a very good answer.
25 Finally, Mr. Chairman, I want to pay my -- my

1 compliments to the Secretary. We've had a couple of
2 high profile transportation problems in our district
3 lately.

4 We had some illegal aliens that were
5 hired by a painting company painting a bridge.
6 PennDOT jumped in on that immediately with ICE and
7 everything.

8 And also the work you're doing on the
9 Route 356 bridge is nothing less than spectacular.
10 This is a 100-ton, four-lane, heavy commercial bridge
11 connecting four counties right at the point of
12 Westmoreland, Allegheny, Armstrong, Butler Counties
13 and you're making it go real fast.

14 These guys have been waiting 35 years.
15 You literally could look through the bridge deck and
16 see the river.

17 And I -- I tip my hat to you. You guys
18 in D 10 and D 12 have really, really stepped up,
19 Mr. Secretary, and I, for one, appreciate it.

20 SECRETARY SCHOCH: Thank you,
21 representative. I'll pass that on to our staffs.

22 REP. PYLE: Thank you, Mr. Chairman.

23 CHAIRMAN ADOLPH: Thank you,
24 representative.

25 Representative Matt Bradford.

1 REP. BRADFORD: Thank you, Chairman.
2 And thank you, Secretary, for your
3 testimony.

4 I also wanted to kind of build off of
5 your testimony. You talked about an investment
6 deficit and really what we're passing on to our
7 children is -- or what we're not passing on in terms
8 of the status of the infrastructure and the future
9 costs of what we're going to have to pay for rebuild
10 our infrastructure.

11 Where my district is, central Montgomery
12 County, I know in the Senate hearings with Senator
13 Rafferty, who is my -- my own state senator, he
14 shared his tremendous frustration with the lack of
15 leadership coming really -- and it has to come from
16 the Governor on this issue.

17 Our communities are literally choking
18 from the traffic. We're blessed with an economy
19 that's been vibrant through good and bad economic
20 times, but the -- the thought of -- I was talking to
21 someone, and this is anecdotal, but we were talking
22 about the thought of trying to get from the Limerick
23 Outlets to the airport at five o'clock on Friday, we
24 were just like, well, you just never would do that.
25 I mean that's just -- you know, it may be 20 miles,

1 but it's two hours and it's just -- you couldn't
2 imagine driving on worse roads to try to do it.

3 But I also want to compliment you on
4 your persuasiveness. When your TFAC report came out,
5 the local Chamber of Commerce, most of the major
6 employers throughout the corridor, the 363, 422
7 corridor, a lot of the major employers who employ a
8 lot of folks in my community, they all came out with
9 hundred percent support for your report.

10 These aren't really a -- a big
11 government, big tax crowd, and they were all on board
12 for the recommendations.

13 So I -- I really appreciate the
14 thoughtfulness and the fact that you're willing to
15 take on the hard issues and try to come up with a
16 report that at least begins to talk about, you know,
17 how do we cure a three-and-a-half billion dollar
18 annual deficit in investment in transportation and
19 what it's going to mean for rebuilding our
20 transportation and what it's going to mean for
21 economic development in southeastern Pennsylvania.

22 Because, again, transportation, I mean
23 it is just literally mission critical at this point.
24 It's something that has to get done.

25 My colleague, Representative Quigley, I

1 think rightfully mentioned a lot of the push-back on
2 422 tolling. And understandable. I think what --
3 what -- comes to happen though -- and maybe this is
4 just my own opinion -- is when -- all we talked about
5 rebuilding roads that are already so past obsolete,
6 and the thought of, you know, having to pay to drive
7 on 422 at this point is mind blowing.

8 You try to avoid it -- to avoid it.
9 Now, the thought that someone is going to charge you
10 to ride on it just seems too crazy to even consider.

11 So I understand the issue becomes new
12 capacity. When are we going to talk about the
13 new-capacity roads?

14 Is that at all a part of the discussion
15 that's going on about the need not just to cure the
16 existing roads but to create more lanes and also
17 alternative routes?

18 SECRETARY SCHOCH: Absolutely. The --
19 the -- if you look at the funding commission reports
20 they've built two-and-a-half billion dollars every
21 five years. Not initially jumping to two-and-a-half
22 billion.

23 One, we have to get the new projects
24 ready. And so -- for the new-capacity projects,
25 we're not working on them at all right now because we

1 don't have revenue to deal with that. We're just
2 taking care of what we have, and we're not even
3 keeping up with that.

4 So to start new-capacity projects, we
5 have to go through the environmental process, the
6 planning and design, right-of-way acquisition and
7 utilities.

8 So even if I had all the money in the
9 world handed to me tomorrow for new-capacity projects
10 like 422, it would be three to four years before we'd
11 get to construction, at the earliest, because we're
12 not working on them.

13 We have to get permits. We have to do
14 the design, acquire the right-of-way, et cetera.

15 So, yes, new capacity, if -- if we talk
16 about this decade of investment of projects that we
17 would commit back to you that could be achieved, it
18 would include new capacity.

19 Now, that would be in the middle to
20 latter part of the decade because we have to get
21 ready to deliver them. But we would certainly
22 include new capacity because I agree with you, it's
23 choking the economy.

24 My prior employer was based in
25 Philadelphia, downtown Philadelphia, and when I go

1 down there for meetings, I would just watch my watch
2 the entire time and think I've got to get out of here
3 at 3:30; otherwise I might as well stick around till
4 6:00 and have dinner and then go home afterwards,
5 because otherwise I'm going to sit on the
6 Schuylkill.

7 So I know exactly what you're talking
8 about.

9 I also appreciate your point about the
10 fact that it's a three-and-a-half billion dollar
11 annual recurring investment need.

12 As I've often liken this to -- all of us
13 probably lived through a point in our lives when we
14 got out of college or something, got our first credit
15 card and -- went out and bought some things and then
16 said all I can afford is the minimum payment.

17 And each month you make the minimum
18 payment and the interest grows faster than your
19 minimum payment. So you're not making any headway.

20 That's sort of where we are in
21 transportation. When we choose not to make an
22 investment -- this year it's three-and-a-half
23 billion. Next year the number will be bigger. Next
24 year it will be 3.8 billion.

25 Why? The interest is growing. You

1 can't catch up unless you start to make the
2 investment.

3 So I appreciate your point about the
4 fact that it's not a one-time three-and-a-half
5 billion dollar but an annual recurring need. I think
6 that's an important distinction and I appreciate you
7 making that.

8 REP. BRADFORD: Thanks. What is kind of
9 the time line internally that the administration is
10 dealing with?

11 I know Representative Smith asked some
12 of those questions. But when do you see this
13 happening?

14 SECRETARY SCHOCH: Well, I think the
15 Governor pointed out in his -- in his speech, which,
16 as you know, is his biggest speech of the year, it's
17 a budget speech, is to say he wanted to meet with the
18 legislators and I think in his words, do it soon.

19 Now, clearly -- clearly -- and you all
20 know this with the Appropriations Committee, we've
21 got some very difficult decisions to make on the
22 General Fund budget. The mandated increases that we
23 have to deal with, the declining revenues, and those
24 problems, even though this transportation issue is a
25 huge burgeoning issue for us to deal with, both today

1 and in the future, we have some immediate problems to
2 deal with and I think the -- the Governor would like
3 to see us -- to see those decisions take shape and
4 then get into transportation.

5 Now, timing. What does that mean? What
6 does soon mean? I don't know that that means this
7 spring, next month, but to quote him, he said this is
8 something that's a big issue, it's something we need
9 to deal with, it's something that fortunately is
10 offline of the General Fund, and we can deal with
11 this separately. But we need to deal with it.

12 So I've heard the message today. I'll
13 be talking to him about what I heard today in the
14 meetings.

15 REP. BRADFORD: Thanks. One of the
16 issues, in an interview Secretary Walker did, he
17 talked about the public safety angle. And he
18 obviously was speaking hyperbolically, but God forbid
19 there's one of those kind of accidents.

20 What is the status in terms of public
21 safety and how many of these roads are mission
22 critical infrastructure, closing roads and bridges?
23 I mean how bad is it?

24 SECRETARY SCHOCH: Well, we inspect --
25 you know, I'll go back to the bridge condition

1 because the road surfaces, while we certainly lost
2 the road surface quality, that I would say from a
3 public safety issue, we keep up with the -- the basic
4 maintenance things that are going to affect public
5 safety. What we are doing, you know I talked earlier
6 about how we are charging you. If we're not keeping
7 the road surface smooth, we're charging you through
8 front-end alignments, through tire wear and tear, and
9 charging you through that manner in terms of
10 increased maintenance on your vehicle.

11 But is that a safety issue? I'd say not
12 as much a safety issue as a cost issue.

13 On the bridge side, to come back to
14 that, there's the 25,000 bridges. And just to go
15 down the hierarchy, without getting too engineering
16 speak on you, there's -- there's 14,000 of those
17 25,000 that are what we call weak bridges. Meaning
18 they've aged to the point where they can handle the
19 load they were designed to handle but nothing more.

20 When we build a new bridge, if you have
21 a permit load, you can take a permit load, a load
22 much heavier than the bridge was designed for, across
23 it.

24 If you talk to some of our business
25 partners that try to get permit loads through the

1 state, they have a heck of a time finding a route.
2 Why? They have 14,000 bridge that are basically able
3 to handle the load of a 80,000 pound truck and
4 nothing more.

5 So after they get past what we call
6 weak, then they graduate toward structurally
7 deficient, meaning they've gotten to the point where
8 some element is structurally deficient. Doesn't mean
9 unsafe. Just means structurally deficient. Meaning
10 if we don't get out and fix it, it heads towards
11 being posted or closed.

12 We've got under 5,000 structurally
13 deficient. So of the 14,000, about a third of them
14 structurally deficient.

15 Beyond that 650 are weight restricted.
16 That's the next step. And then 50 of those are
17 currently closed.

18 So where we're heading is, if we don't
19 do anything, we have this 14,000 number of bridges
20 that is aging toward structural deficiency, if we
21 don't do anything, they'll age into structurally
22 deficient and more of them will be posted and
23 closed.

24 Now, from a public safety standpoint,
25 we're aggressively inspecting these bridges. We

1 inspect them a minimum of every two years. We go to
2 one year once we see certain conditions being met and
3 then we'll go to more frequently, right up to where
4 we post or close it.

5 So, you know, we are going to work very
6 diff -- very closely to make sure that we don't get
7 into a public safety issue of a bridge collapse.

8 However, I will say, in Mario Scavello's
9 district, we had a wing wall collapse on I-80.
10 Fortunately no one wasn't hurt. The road -- one lane
11 of the road was closed for a while.

12 We don't have x-ray vision. These are
13 50- to 75-year-old bridges. Inside the concrete,
14 inside the steel, there's corrosion that goes on that
15 we can't always see.

16 Now, we have a lot of indicators that
17 tell us we need to post or close, but ultimately
18 we're very conservative. Engineers are a very
19 conservative breed. If we think there's a problem,
20 we'll post it or close it. So in general we're very
21 conservative.

22 But there are instances, like what
23 happened on I-80, that a visual inspection would
24 never have shown up. So it is a reason to be
25 concerned. It concerns me and, as my Deputy

1 Secretary Scott Christy says, this is the kind of
2 stuff that keeps you awake at night, other than my
3 crying eight-year-old twins that do that.

4 REP. BRADFORD: Well --

5 SECRETARY SCHOCH: Eight-month old I
6 should say, not eight-year-old. Eight-year-old --
7 eight years seems like a lifetime right now, I'll
8 tell you. Eight month-old.

9 I know Brendan -- I think Brendan
10 Boyle's got twins on the way. Brendan, if you're
11 listening to this, get ready, my friend. Get ready.

12 REP. BRADFORD: Well, one -- one thing I
13 was -- I was wondering. You mentioned a billion
14 dollars in the context of the sale of liquor stores
15 would probably be de minimis. Would almost --

16 SECRETARY SCHOCH: For highways.

17 REP. BRADFORD: For highways. One of
18 the concerns that a lot of us in the southeast have
19 in terms of the shale revenue is we're talking about
20 one million and maybe 15 million for roads and
21 bridges, again, annualized, but not really a lot of
22 money when you talk about the total cost of -- of
23 repair of even a single bridge. I mean I think that
24 alone would probably eat up the entire statewide
25 budget.

1 It doesn't seem like shale is at all
2 really part of the discussion and especially in
3 southeastern Pennsylvania but I don't think --

4 SECRETARY SCHOCH: In some --

5 REP. BRADFORD: Tell me if I'm wrong.
6 Would any of those funds find their way -- for it?

7 SECRETARY SCHOCH: No. They stay in the
8 areas where -- the counties that are being affected
9 by it.

10 So, no, I would agree with you. It is a
11 small portion of our needs. It may not even be
12 sufficient to meet the needs of the accelerated
13 deterioration of the state routes that are not
14 posted.

15 REP. BRADFORD: Got you.

16 SECRETARY SCHOCH: But it helps. I mean
17 it will help, yes, the rail freight -- you know,
18 Patrick Henderson -- and I thank him a lot and the
19 legislators involved in this, for creating the \$1
20 million in rail freight assistance, much like the
21 multimodal fund.

22 That sounds like a small amount of
23 money. And when I said the multimodal fund of \$44
24 million, when you talk about \$3.5 billion of gap, and
25 I'm excited about 44 million? But for those modes

1 --

2 REP. BRADFORD: Little victories.

3 SECRETARY SCHOCH: Yeah, for those modes
4 it's significant. The 15 million for the state
5 highway system, I would agree with you, that's -- it
6 will help us, but it will not solve the problem.

7 REP. BRADFORD: Right. Thank you,
8 Secretary.

9 CHAIRMAN ADOLPH: Thank you,
10 representative.

11 At this time I'd like to introduce the
12 House Republican Chairman of the Transportation
13 Committee, Rick Geist. Because of time constraints,
14 he -- he asked if he could make some comments and ask
15 the Secretary some questions.

16 REP. GEIST: First of all, thank you
17 very much, Bill, for having us today.

18 We're blessed in Pennsylvania to have
19 probably the most knowledgeable transportation
20 secretary in the country. We've saddled him and
21 wrapped him up in duct tape and haven't given him the
22 tools to work with.

23 And I know that today you've done an
24 excellent job in front of this committee, and you
25 dance extremely well for a guy who has no money.

1 What I -- what I wanted to say and ask
2 is I'm very concerned about another problem at
3 PennDOT that's out -- not outside and fixing roads,
4 bridges, or improving capacity or doing any of the
5 things that we should be doing.

6 I'm very concerned with the brain drain
7 at PennDOT throughout all the districts. I'm very,
8 very concerned about delivering product and getting
9 the job done.

10 And I know that you touched on it very
11 lightly on the 422 question, but could you explain to
12 the Appropriations Committee what the next couple of
13 years look like and why it's so difficult for us to
14 hire graduate engineers, why it's so difficult for us
15 to keep engineers with five years' experience who now
16 become very valuable, and -- and what -- what plans
17 do we have to keep the department as professional as
18 it is?

19 And a lot of us did that starting in
20 1978 with Dick Thornberg when the department was
21 completely professionalized. I think you've done a
22 great job with what limited abilities you have.

23 SECRETARY SCHOCH: Well, thank you,
24 sir. I appreciate that. The -- you know, you raise
25 an issue that I frequently talk about with our staff,

1 is there's two major issues that I believe are facing
2 me as Secretary.

3 One is the overall funding which we've
4 talked about at length today.

5 The second is PennDOT as an employer.
6 Our managers have not received a raise for over four
7 years. In comparison to other government employers,
8 not private sector employers, but other government
9 employers, we're about 15 to \$20 thousand a year
10 behind other government employers for the same level
11 position.

12 We have people taking demotions, if you
13 will, in responsibility and making more money at
14 other employers. We do not compare at all with the
15 private sector.

16 And ultimately whether you believe state
17 government is overloaded with personnel or not, you
18 need, as you all know, because you all work in state
19 government, we need qualified people. We need
20 qualified engineers who want to come and make a
21 career at PennDOT.

22 And right now as a employer, I'm not
23 confident we're doing -- we're able to do that. The
24 people that have been here 20, 25 years that are
25 close to retirement, although they certainly

1 legitimately are upset with the current situation on
2 the management pay, they have their pensions to look
3 forward to and are not likely to leave.

4 Those that are five to ten year, the
5 ironic thing is if we're successful in getting
6 additional funding through the state or federal
7 levels and the market goes up, the private sector
8 will start hiring.

9 Well, who has the market cornered on
10 experienced, underpaid professionals? I do. And
11 it's a great concern of mine. Because ultimately
12 this is a great agency. I admired it when I worked
13 in the private sector. It's a pleasure and honor to
14 work with these men and women, who are very dedicated
15 to their work, but we are not compensating them at a
16 level where we're going to be able to attract and retain
17 them.

18 And as the generation retires, as you
19 mentioned, as they retire, I'm concerned that our
20 young and middle managers are not going to stick
21 around if we don't do something about it.

22 It's a focus for me and my deputy
23 secretaries. We work on it continually. It's a
24 problem we need to solve so that we become a good
25 employer and we can attract and retain good engineers

1 who make sure that the public safety issues that have
2 been raised throughout today are -- are taken care
3 of.

4 So I appreciate you raising it. It's a
5 significant issue for me as secretary and for all of
6 our employees who are watching this. They all know
7 it's my number one priority, is to try to do
8 something to make us a better employer to make sure
9 they stay.

10 REP. GEIST: Thank you very much. I --
11 I traveled the state with Representative Markosek,
12 who is a wonderful guy, and I don't know how many
13 times we threw ourselves under the bus and faced
14 many, many people, never backing away from the issue
15 of what the needs were.

16 I have no idea how many editorial boards
17 we did together and everybody was amazed at a
18 Republican and Democrat could sing on the same tune,
19 off the same page.

20 And once we got past that, we started
21 talking about fixing the real problems. It -- it
22 seems like it's been forever.

23 I was on the original commission set up
24 by Governor Rendell with Joe, and it-- it just seems
25 to me that we just keep delaying and delaying and

1 delaying fixing what must be fixed. Not needs to be
2 fixed, but must be fixed.

3 So I look forward to you and the
4 Governor and us all holding hands and, once again,
5 Joe and I doing Kumbaya with you and get about the
6 business of fixing broken bridges and broken roads.
7 And I think the time has come.

8 SECRETARY SCHOCH: I appreciate your
9 support, Chairman.

10 CHAIRMAN ADOLPH: Thank you,
11 representative.

12 The next question is by Representative
13 Deb Kula.

14 REP. KULA: Thank you, Mr. Chairman.
15 Good -- I guess it is still morning.

16 SECRETARY SCHOCH: Still morning. Good
17 morning.

18 REP. KULA: Good morning. I'm not sure
19 anymore.

20 In referring to the report, there --
21 there was a section that talks about formalizing
22 cooperation between PennDOT and local governments,
23 and I said I know, and I'm in District 12, which
24 is -- with Joe Szczur and I mean everything is
25 handled great there. We've done a lot of road

1 repairs, a lot of bridge repairs in our area, and
2 we're very grateful for what's occurred in Fayette
3 County as well as Westmoreland.

4 But is this something that I -- I know
5 it's been brought up with my local governments, that
6 there are times that PennDOT is doing something right
7 in an area where they need something done and maybe
8 don't have the expertise or equipment that PennDOT
9 would have.

10 Is there any talk about maybe coordinate
11 -- coordinating some of these efforts that they could
12 work together and -- and kind of help each other out
13 in certain areas?

14 SECRETARY SCHOCH: Absolutely. We -- we
15 have an agility program that we work with our local
16 partners on to trade services. Meaning if we can do
17 something better than they can and they can trade us
18 back something of equal value, we have an agility
19 agreement.

20 And it's something that I've pushed. I
21 said, you know -- my years in the private sector when
22 I go out to speak at public meetings, one thing the
23 public looks at all of us, and I mean all of us
24 collectively who are sitting in this room, whether
25 you're local government, state government, or

1 federal, you're just government to the public.

2 And their big issue is why can't you
3 work together? It's all my tax dollars going to all
4 of you. Why on earth can't you work together and
5 cooperate?

6 And that's one of the things we're
7 trying to work hard at is partnering with local
8 government to both help where we can help, to step in
9 and do things, such as the bridge program I talked
10 about earlier, where perhaps we can do some program
11 management to help fill some voids and expertise to
12 reduce costs for municipalities in designing and
13 delivering bridges.

14 Same thing on traffic signals. We build
15 them. We turn them over to municipalities to
16 operate. Every municipality has different
17 capabilities. We may need to step back in and -- and
18 help out and -- and make sure the signal is operating
19 correctly and working out an agility agreement with
20 that municipality for them to do something for us.

21 So that cooperation I think is
22 important.

23 Another thing we're looking into is -- a
24 lot of the things we do, we've heard the red light
25 camera discussion today. Some of that money goes

1 back around the state for these ARLE grants, which
2 are, you know, more sidewalk-type projects.

3 We also have enhancement projects.
4 They're not traditionally highway and bridge
5 projects.

6 If you talk to some of our municipal
7 partners, sometimes they'll tell us, we don't want
8 your money. It's too expensive. The strings that
9 come with it and the hoops we have to go through, it
10 will cost us more to design it than it will to
11 actually build it.

12 We're looking into whether or not we can
13 do block grants and simply say, here's the money.
14 Let us know how we can help. If you need help on the
15 technical expertise, we can help you. If you don't
16 need our help, so be it.

17 We might do an owner's perspective
18 review to make sure that the money is being spent in
19 accordance with the requirements. However, it will
20 reduce our involvement and reduce the costs to the
21 sponsor and municipalities.

22 So we're looking into that so we can
23 again be a better business partner.

24 REP. KULA: That -- that's wonderful.
25 And -- and I hadn't even thought about the lights,

1 but I know that has been something that has been
2 amazing to me, that a lot of times when I've talked
3 at the local municipalities where I've gotten
4 inquiries about needing a light at a certain spot,
5 it's sometimes the municipalities are kind of
6 reluctant about doing it because of the maintenance
7 they have to do on -- on that particular light.

8 So I -- I will assuredly set a meeting
9 back in the district and see what we can work out
10 with the District 12 office.

11 SECRETARY SCHOCH: And the agility
12 program is the place to do it. And -- and we have an
13 office here in Harrisburg and we can support the
14 district, if need be, to work on those agility
15 agreements.

16 Because, again, every municipality, just
17 like us, has different strengths and weaknesses, many
18 times depending on the personnel that are employed.

19 And we can work out agility
20 agreements so that we can help out each other.

21 REP. KULA: Why thank you. And if you
22 could just bear with me, and this is a totally
23 different subject.

24 Massachusetts DOT had an innovative
25 program last summer whereby they replaced 14 bridges

1 on I-93 over the course of 14 weekends.

2 Each bridge was dealt with beginning on
3 a Friday night with completion by Sunday, minimizing
4 traffic disruption. And that occurred because of
5 prefabricated decking being used.

6 It was called 93 Fast 14 and recognized
7 by the Federal Highway Administration.

8 Is PennDOT familiar with this and would
9 you consider exploring --

10 SECRETARY SCHOCH: Sure.

11 REP. KULA: -- this initiative?

12 SECRETARY SCHOCH: We're quite familiar
13 with it. And we -- we use many prefab. We use many
14 prefabricated elements in our -- in our
15 construction. And projects that carry high traffic
16 or projects where there's an economic effect, we look
17 at the cost benefit, meaning there is a cost to doing
18 it that way. A higher cost in some cases. And then
19 there's a benefit of reducing the impact on traffic.

20 So we certainly look at prefabrication
21 and installation. We look at it on all of our
22 projects to determine whether or not it's a cost
23 effective method for that particular project at its
24 location and traffic volumes.

25 There are other methods that -- that we

1 examine on a daily basis that will reduce both costs
2 and construction time.

3 That's part of our -- what Federal
4 Highways calls Every Day Counts, what we call our
5 Statewide Transportation Innovation Council, which
6 means every day should count to the motoring public.
7 Every day should count in terms of what we're
8 delivering in terms of costs and impact to the
9 motorists.

10 So we look at all construction methods
11 and capabilities, and we're challenging the private
12 sector, our contractors and engineers and suppliers,
13 to join us in the State Transportation Innovation
14 Council to bring new ideas that can be useful.

15 There's other ones like that that are
16 called hyperbuild that were done in my prior life
17 where I worked on designs and things like that in New
18 Jersey, again to replace high profile decks on
19 bridges at low costs.

20 We're looking at it on I-95. We have a
21 huge contract on I-95 to do exactly that. How can we
22 reduce the time and cost of construction and
23 disruption to motorists?

24 So, yes, we're aware of it and -- and we
25 will continue to push the envelope on using those.

1 REP. KULA: Well, that -- that's good to
2 hear, and -- and I have an excellent fabricator in my
3 district if anyone is looking for one.

4 I thank you.

5 SECRETARY SCHOCH: Uh-huh.

6 REP. KULA: Thank you, Mr. Chairman.

7 CHAIRMAN ADOLPH: Thank you.

8 Representative Gary Day.

9 REP. DAY: Thank you, Mr. Chairman.

10 And thank you Mr. Secretary for being
11 here and having quite a budget hearing. I'd like to
12 commend you on all your answers to all the
13 questions.

14 I guess I'll start off by giving
15 District 5 a little advertisement and plug. We've
16 spoken before, and I'm incredibly pleased with the
17 management team that you have in place there, the way
18 they handle maintenance and also all our projects in
19 District 5, particularly the 187th District, and I
20 think it needs to be said every time I speak with
21 you.

22 SECRETARY SCHOCH: Thank you. I'll pass
23 that on Mike Rebert and his team.

24 REP. DAY: Thank you. And, Mike, if
25 you're watching --

1 SECRETARY SCHOCH: He -- he might not
2 be. We had a -- our district executive meeting
3 yesterday that I was actually down in his district
4 yesterday.

5 REP. DAY: Oh.

6 SECRETARY SCHOCH: So they're probably
7 still at meetings. But maybe they're out watching,
8 taking a peek at this right now. So if he's
9 watching, he's getting ribbed by his fellow PEs, I
10 can tell you that.

11 REP. DAY: I'm sure they stay up late at
12 night and watch the replay if they don't catch it
13 during the day. Right?

14 You mentioned rail freight assistance
15 grants in your comments a couple times today. And
16 can you explain the rationale?

17 You know, I've found it to be a valuable
18 investment in transportation. You made similar
19 comments.

20 Can you explain the rationale behind
21 eliminating all funding? And, you know, we -- with
22 that elimination, would the funding or -- or would
23 this program survive through other mechanisms or
24 anything like that? You know, technical assistance
25 or anything?

1 Can you just -- it sounded like you were
2 supportive of the -- you know, the rail freight
3 assistance grants, but we're zeroed. So that doesn't
4 seem to line up as far as I'm concerned.

5 SECRETARY SCHOCH: I am supportive and I
6 recognize, however, it has to come out of something
7 and it's a General Fund line item.

8 And that's where, again, the multimodal
9 fund I think is important to establish, because this
10 has historically been something that we have not
11 consistently been able to invest in at the same level
12 and, more importantly, a known level of investment.

13 For the rail freight companies that --
14 that apply, they don't know whether we're going to
15 have the money. They don't know whether we're going
16 to be able to put the programs out.

17 They know that we get applications for
18 far more money than we ever have available. If we
19 had a multi-year and a known investment level that we
20 could actually say, okay, make your submissions and
21 we'll coordinate the investment so that we can match
22 these, we might say that yours is in year three, not
23 year one or year two.

24 But we could actually give you a defined
25 time frame when you can invest and plan your own

1 investment to match ours.

2 REP. DAY: Would the intermodal fund be
3 mult -- more than just rail --

4 SECRETARY SCHOCH: Yes.

5 REP. DAY: -- competing for the
6 dollars?

7 Because one of the things that I thought
8 was interesting or -- or particularly effective about
9 this was that it seemed to be, when I looked through
10 it, we didn't get every project that we put in in my
11 district or in my region. However, when you looked
12 at what was awarded, it made a lot of sense.

13 So just having rail compete against rail
14 seemed to be -- you know, having that line item
15 seemed to be better than -- the administration seems
16 to be going in multiple areas, education as well --
17 block granting.

18 So I'm a little concerned about line
19 items --

20 SECRETARY SCHOCH: Yeah.

21 REP. DAY: -- versus block grant.

22 SECRETARY SCHOCH: We'll have to look
23 into the block grant. I think this -- what we'd do
24 is -- for instance, if you had the \$44 million, you
25 might say a portion of that is -- say 15 million a

1 year is for rail. Another 15 million might be for
2 ports and other -- you know, you might have some that
3 are discretionary to where you could bump it for
4 different programs.

5 But I think it would be split out
6 somewhere like that so you would know how much you're
7 allocating each mode on an yearly basis.

8 REP. DAY: Okay. You also made comment
9 -- these comments. I'm going to try to drill down
10 into this with one question.

11 You know, I think a good, overall
12 transportation funding proposal should be a statewide
13 proposal that allows -- that includes the ability for
14 motorists to choose between existing roadways and
15 possibly new-capacity toll roads.

16 The -- any proposal should invest as
17 well -- you know, my opinion -- in -- any user fees
18 collected in those regions where the user fees are
19 collected.

20 What do you think? And has the Governor
21 asked you to put together a statewide proposal and
22 use your experience that you're, you know, displaying
23 today to come forward with a proposal?

24 SECRETARY SCHOCH: Statewide proposal
25 for?

1 REP. DAY: Just overall transportation
2 funding.

3 SECRETARY SCHOCH: Well, the funding
4 commission report was, you know, our -- was what he
5 asked me to chair, which is what we gave in terms of
6 a recommendation of here's a plan, here's elements,
7 here's the timing, et cetera.

8 And then correspondingly what we've
9 asked our staff to do was come up with a list of what
10 we could deliver with that funding plan.

11 REP. DAY: The last question that I
12 would have about the commission then is it seemed
13 that user fees were not included in the --in the
14 results of that and that seemed to be --

15 SECRETARY SCHOCH: Well, the user fees
16 are -- all those are user fees. Frankly, if you look
17 at registration, license, oil company franchise
18 tax -- registration and license, if you think about
19 any other form of utility you pay, whether it's your
20 cell phone, your electric bill, anything else you
21 pay, we're basically a utility. Transportation.

22 Your access on your cell phone is your
23 monthly charge. Then you pay on the minutes you use
24 or how many plans and minutes.

25 Well, our user fees are -- the first

1 year access is your registration and license fee.
2 Then your consumption fee, if you will, is how much
3 gas you consume and then the taxes you pay on that.

4 So they're all user fees.

5 REP. DAY: Well, let me be a little bit
6 more specific then. How about a user fee for mileage
7 usage -- mileage use toll --

8 SECRETARY SCHOCH: Well, tolls --

9 REP. DAY: Toll roads.

10 SECRETARY SCHOCH: Tolls -- both -- both
11 mileage -- as I mentioned earlier, I think we have --
12 part of the recommendations of the funding commission
13 report were for the department to take a study on
14 what's the next generation, of heading to something
15 that's mileage based rather than fuel consumption
16 based.

17 I think that's years away, to be honest
18 with you, because I just think that it's something
19 we're going to need national leadership on. I think
20 that there's technology available to us that is not
21 acceptable by the public yet, meaning tracking your
22 vehicle, and I think that that -- that generation of
23 how we pay by the mile is something that we don't
24 need right now but we're going to need it by around
25 2030 in my estimation.

1 So we have a little bit of time to work
2 on that.

3 Tolling, I just saw today that Senator
4 Carper made an amendment recommendation to the Senate
5 transportation bill to add a number of slots to the
6 pilot tolling program. So the federal government has
7 been opposed to tolling.

8 Now, I've said this publicly many
9 times. I don't understand where Congress is on
10 this. If they're going to mandate higher fuel
11 mileage, meaning less fuel consumption, and they're
12 not going to increase transportation funding, and
13 they're going to turn around and restrict the states
14 from tolling the interstates, to me they're not
15 solving the problem. They're making the problem
16 worse by the CAFE standards.

17 Not that I object to those. They're
18 good for a lot of reasons. But from a revenue
19 standpoint, it's a planned reduction for
20 transportation.

21 And then you turn around and say you
22 can't toll interstates, because for some reason they
23 believe that it's the wrong thing to do. And yet
24 tolling is mileage based. And I have argued long and
25 hard, if I'm ever asked, which I probably won't be,

1 to go to Washington and testify, I will be very
2 pointed in my criticism of Congress for not allowing
3 us to toll interstates, especially if they're not
4 going to solve the problem.

5 Now, if they're going to solve it and --
6 and raise other revenues so we don't have to deal
7 with that, fine. But if you're not going to solve
8 the problem, then please open the tool book -- the
9 toolbox for the states.

10 REP. DAY: Thank you for the answers to
11 these questions. I appreciate your testimony today.

12 Thank you, Mr. Chairman.

13 CHAIRMAN ADOLPH: Thank you,
14 representative.

15 I'd like to acknowledge the presence of
16 Chairman Benninghoff of the Finance Committee for
17 joining us this morning.

18 That's the end of the questions on the
19 first round. I'm going to ask the members on the
20 second round to try to keep their questions concise,
21 as well as the Secretary's answers, so this way we
22 can move on with the -- with the next hearing, which
23 was scheduled at 11:30.

24 Okay. So without further ado,
25 Representative Gordon Denlinger.

1 Thank you.

2 REP. DENLINGER: Thank you,
3 Mr. Chairman.

4 Secretary, you've answered most of the
5 additional questions I had. Just two items remain,
6 if I can.

7 The first relates to discussion you
8 entered in with Representative Causer about the
9 dropping of weight limits on certain roads and
10 bridges, and to the extent that I represent a rural
11 agricultural area primarily, I'm wondering, does the
12 movement of agricultural equipment and/or products
13 factor into your decision matrix as you're
14 considering weight limits or subsequent direction of
15 repair and then maintenance monies?

16 SECRETARY SCHOCH: Repair and
17 maintenance, yes. On weight limits it's basically a
18 condition of the road. So it doesn't matter who is
19 using it, it's what the road can --the road and
20 bridge can handle.

21 We are working closely with the farm
22 community though on -- on seeing what we can do with
23 policy and working with legislature on changing
24 things to make our policies and laws more, I'll say,
25 in stronger correlation to the reality of how farming

1 is done today. I think we're making a lot of
2 progress on that.

3 But in terms of weight restrictions, no,
4 it's either weight restricted or it's not. It's
5 based on condition.

6 REP. DENLINGER: I appreciate that. And
7 I'm glad to hear you do factor it into the
8 maintenance and repair matrix.

9 Secondly, and the last item, we've had
10 some bills in -- in some sessions that relate to the
11 federal -- federally directed mandate on the real ID
12 issue, facial recognition technology being
13 implemented in to the cameras at the different
14 drivers' license centers.

15 Can you share with us and the citizens
16 of this state where that stands? When they go in to
17 have their driver's license renewed, should they
18 expect the fact that that technology is being
19 employed and being stored in computers? Where does
20 that stand?

21 SECRETARY SCHOCH: Well, certainly, you
22 know, the fact that the -- the driver's license is
23 for many of us the primary method of identification
24 that's -- that's used for financial institutions,
25 used to get on planes. It's a big security issue.

1 So, yes, we are using -- you know, we
2 are using parts of real ID. Now, we're not fully in
3 compliance and we're not going to be. And we told
4 the federal government that.

5 So it's a unfunded mandate. Many of the
6 states are saying the same thing, we're not going to
7 be in compliance. Excuse me.

8 And -- but elements of it that we think
9 are important for security we are complying with.
10 And the -- certainly all of our customers should
11 expect that when we take their photo a big part of
12 that is making sure you who are -- you are who you
13 say you are.

14 And we have a dedicated portion of our
15 staff that does audits on that to make sure that we
16 are not having any fraud occurring.

17 Because it is one of the -- as
18 Representative Pyle said, it's one of the big areas
19 for fraud right now. There's a lot of black-market
20 movement on fake licenses.

21 REP. DENLINGER: I appreciate that
22 concern. Obviously the other side of that equation
23 is the civil libertarian concern about governments
24 collecting more and more information about citizens.

25 If you could -- and I'm not going to --

1 I don't want to belabor today's hearing, but if you
2 could just through our chairman share with us exactly
3 what information is being collected --

4 SECRETARY SCHOCH: Sure.

5 REP. DENLINGER: -- and it's
6 utilization.

7 SECRETARY SCHOCH: I will have Deputy
8 Secretary Kurt Myers put together a briefing for you.

9 REP. DENLINGER: Thank you. I
10 appreciate that.

11 Thank you, Mr. Chairman.

12 REP. DENLINGER: Thank you,
13 representative.

14 Representative Mario Scavello.

15 REP. SCAVELLO: Thank you, Mr. Chairman.

16 It was asserted that the Governor is not
17 acting fast enough on -- on many issues. I have to
18 tell you, he did the best thing possible. He put the
19 most capable person in the job from what I've been
20 hearing from both sides of the aisle and from the
21 requests -- the questions that you've been asked and
22 how you've been answering the questions.

23 SECRETARY SCHOCH: Thank you.

24 REP. SCAVELLO: Tolling of the I-80, I
25 know we disagreed. We had that big event in the --

1 on TV in the northeast putting 20 tolls on the
2 highway.

3 But what you're saying makes a lot of
4 sense. If you want -- if you're going to toll, don't
5 put 20 on one interstate. Put a couple on and -- and
6 split and move them around. 95. 81. 78.

7 And -- and -- and if that -- if you're
8 going to try to -- if you're going to do it, you have
9 to do it and not put it on the backs of everyone and
10 use that money right on that roadway right there
11 versus trying to move it around.

12 But, of course, you need federal -- you
13 need federal support for that, and that would be --
14 that's the best user fee. You're using the roadway
15 and --

16 SECRETARY SCHOCH: Exactly.

17 REP. SCAVELLO: So -- and the other
18 question is in -- you know, I know that -- you know,
19 my friends on the right -- or on my right today, feel
20 that the Governor hasn't moved fast enough.

21 He's -- he's in place 12 months, 13
22 months, and he's had a \$4 million -- \$4 billion
23 shortfall last year and he's got a half billion
24 shortfall this year. I think he's had his plate
25 full. But I'm sure that it's going to get

1 addressed. Just have a little bit of patience.

2 Thank you very much.

3 CHAIRMAN ADOLPH: Thank you,
4 representative.

5 Mr. Secretary, I want to thank you for
6 your testimony this morning. I know, speaking for
7 Chairman Markosek, we found the information very
8 informative. You are a very knowledgeable
9 individual. We are very fortunate to have you as the
10 Secretary of Transportation and looking forward to
11 working with you in the next couple of months as we
12 pass this budget.

13 SECRETARY SCHOCH: Thank you, Chairman.
14 It's a pleasure to be here. And for all the
15 follow-ups, we'll be in contact with each of you
16 directly. And thank you so much for having me and
17 the compliments. I appreciate it greatly.

18 CHAIRMAN ADOLPH: Thank you. And for a
19 man that has twins under a year of age, you're --
20 you're holding up very well.

21 SECRETARY SCHOCH: If you look deep
22 behind my eyes, you'll see some circles and some
23 tiredness there. I guarantee you that.

24 CHAIRMAN ADOLPH: Okay. Thank you.

25 The next budget hearing will start

1 exactly in five minutes. Thank you.

2 (The proceedings were adjourned at
3 11:43 a.m.)

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

I hereby certify that the proceedings and evidence are contained fully and accurately in the notes taken by me on the within proceedings and that this is a correct transcript of the same.

Brenda S. Hamilton, RPR
Reporter - Notary Public