

February 29, 2012

Statement to Appropriations Committee

Secretary of Transportation Barry J. Schoch

Mr. Chairman, members of the Appropriations Committee, I thank you for the opportunity to present our transportation spending agenda for the upcoming fiscal year. Because of the continuing economic slowdown, this is certainly going to be a challenging year for all commonwealth agencies when it comes to budgets. Transportation is no exception. But PennDOT is up to the task and is prepared to make sure each and every dollar entrusted to us, is spent wisely.

An aggressive modernization campaign at PennDOT over the past fiscal year means efficiency and cost savings have improved and will continue to advance in the new fiscal year. Among the completed modernization items are the consolidation of wireless communications contracts to save the agency half-a-million dollars a year and a move from paper to an electronic, “e-permitting” system for issuing highway occupancy permits that has doubled efficiency in that area. I invite everyone to visit the agency’s homepage and click on “Modern PennDOT” for a progress report on dozens of time and cost saving initiatives.

Department of Transportation funding will decline from \$6.427 billion in the current fiscal year to \$5.861 billion in fiscal year 2012-13. The state’s contribution to transportation will remain close to current levels. However, there are several primary factors that will lead to less money being available overall for transportation in the new spending plan.

As many of you know, the transportation funding elements of the American Recovery and Relief Act from the federal government are winding down and benefits of that program when it comes to bridge and highway improvement will be lost in the coming fiscal year. Federal assistance for rail freight projects in the state will also be reduced by \$68 million in the new spending plan because of the phase out of recovery and relief money.

Also coming to an end in June will be the Accelerated Bridge Program which provided an additional \$200 million to rehabilitate bridges in the commonwealth during the current fiscal year. The bridge bonding program resulted in PennDOT recently reducing the number of structurally deficient bridges to below 5000 after hitting a high of more than 6000 several years ago.

Natural disasters during the current fiscal year have also forced PennDOT to spend more on highway maintenance and disaster recovery than had been budgeted. Extremely heavy rains in

September resulted in severe damage to highways and bridges around the state, damage that is still being repaired to this day. As a result of that current spending, the 2012-13 fiscal year budget will reflect a reduction of \$115 million in that category as well. Our milder than average winter will hopefully continue to offset some of those flooding expenditures.

The proposed spending plan includes almost \$813 million in public transit funding, \$81 million in lottery funds to support the Older Pennsylvanians Shared Ride Program and \$175 million in capital funding to support mass transit agencies and rail freight and aviation projects.

As to the long-term future of transportation funding, the Transportation Funding Advisory Commission report issued in August of last year is a great place to start. But as Governor Corbett pointed out in his budget address earlier this month, the under-funding of transportation has grown for the past several decades and it will not be solved overnight. I'd be happy to answer your questions.