

COMMONWEALTH OF PENNSYLVANIA
HOUSE OF REPRESENTATIVES

TRANSPORTATION COMMITTEE
HEARING

STATE CAPITOL
HARRISBURG, PA

RYAN OFFICE BUILDING
ROOM 205

MONDAY, FEBRUARY 8, 2016
11:32 A.M.

PRESENTATION ON
STATE POLICE FUNDING THROUGH
THE MOTOR LICENSE FUND

BEFORE:

HONORABLE JOHN TAYLOR, MAJORITY CHAIRMAN
HONORABLE LYNDA SCHLEGEL CULVER
HONORABLE JULIE HARHART
HONORABLE DOYLE HEFFLEY
HONORABLE TIM HENNESSEY
HONORABLE MARK KELLER
HONORABLE JIM MARSHALL
HONORABLE RON MARSICO
HONORABLE JEFF PYLE
HONORABLE MARGUERITE QUINN
HONORABLE MICHAEL REESE
HONORABLE STAN SAYLOR
HONORABLE WILLIAM KELLER, DEMOCRATIC CHAIRMAN
HONORABLE BRYAN BARBIN
HONORABLE TIM BRIGGS
HONORABLE MARIA DONATUCCI
HONORABLE STEPHEN KINSEY
HONORABLE ROB MATZIE
HONORABLE MICHAEL SCHLOSSBERG

* * * * *

*Pennsylvania House of Representatives
Commonwealth of Pennsylvania*

ALSO IN ATTENDANCE:

HONORABLE MARY JO DALEY
HONORABLE MARK MUSTIO

COMMITTEE STAFF PRESENT:

ERIC BUGAILE
MAJORITY EXECUTIVE DIRECTOR
BETH SICKLER
MAJORITY RESEARCH ANALYST
DAVID KOZAK
MAJORITY RESEARCH ANALYST
BONNIE GLATFELTER
MAJORITY ADMINISTRATIVE ASSISTANT

MEREDITH BIGGICA
DEMOCRATIC EXECUTIVE DIRECTOR
ERIC NELSON
DEMOCRATIC RESEARCH ANALYST
KELLY MINITO
DEMOCRATIC LEGISLATIVE ASSISTANT

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SUBMITTED WRITTEN TESTIMONY

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(See submitted written testimony and handouts online.)

P R O C E E D I N G S

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MAJORITY CHAIRMAN TAYLOR: I would like to call the Transportation Committee to order.

I think the red light in the rear indicates that we are being audiotaped and videotaped, just for your information.

I would like to start out by having Members of the Committee introduce themselves. We'll start with the far right.

Mike.

REPRESENTATIVE REESE: Thank you, Mr. Chairman.

I'm Mike Reese. I represent the 59th Legislative District, which is Westmoreland and Somerset Counties.

REPRESENTATIVE PYLE: If you wanted to go to the far right, should I sit on the other side of Reese?

Jeff Pyle, 60th Legislative, Armstrong, Indiana, and Butler Counties.

REPRESENTATIVE QUINN: Good morning. Thanks for coming.

I'm Marguerite Quinn from Central and Upper Bucks County, almost home of the Dublin Barracks.

REPRESENTATIVE KINSEY: Good morning.

Stephen Kinsey, Philadelphia County, 201st Legislative District.

1 MINORITY CHAIRMAN W. KELLER: Bill Keller, the
2 184th District, South Philadelphia.

3 REPRESENTATIVE M. KELLER: Mark Keller. I
4 represent the 86th District, which is all of Perry and part
5 of Cumberland.

6 And I'm also pleased to have with me today one of
7 my interns, Tim Black, who is sitting in the back of the
8 room.

9 REPRESENTATIVE MARSHALL: Good morning.
10 Jim Marshall. I represent the 14th District,
11 which is in parts of Beaver and Butler Counties.

12 REPRESENTATIVE SCHLOSSBERG: Good morning.
13 I'm Mike Schlossberg, the 132nd District, the city
14 of Allentown, Whitehall Township, Lehigh County.

15 REPRESENTATIVE DONATUCCI: Good morning.
16 Maria Donatucci, the 185th District. That's South
17 Philly, Southwest Philly, and part of Delco.

18 REPRESENTATIVE CULVER: Good morning.
19 Representative Lynda Culver, the 108th Legislative
20 District, parts of Snyder and Northumberland County, much
21 more rural than my counterpart here.

22 REPRESENTATIVE MATZIE: Rob Matzie, the
23 16th District, Beaver and parts of Allegheny County.

24 REPRESENTATIVE BRIGGS: Tim Briggs, the
25 149th District, Montgomery County.

1 REPRESENTATIVE SAYLOR: Representative Stan
2 Saylor from York County.

3 REPRESENTATIVE HARHART: Representative Julie
4 Harhart, the 183rd, Lehigh and Northampton Counties.

5 REPRESENTATIVE MARSICO: Representative Ron
6 Marsico, Dauphin County.

7 MAJORITY CHAIRMAN TAYLOR: Thank you.

8 Anybody else? Any other Members?

9 Thank you very much, everybody, for attending,
10 and to the Secretary and Colonel Blocker for being here, as
11 well as our other witnesses.

12 What we're here to do today is very, very
13 important. It's a very important issue -- to talk about
14 our Motor License Fund and the funding of the State
15 Police.

16 My colleague, Mr. Keller here, said, let's see if
17 you can keep this meeting on time. I think this is
18 important enough that we'll let this flow as it might and
19 adjourn. If we need to reconvene, we'll do that, because
20 of session.

21 But I just want to make sure everybody
22 understands what this meeting is not. There was a
23 newspaper article that started out with the headline,
24 "Funding Feud. Pennsylvania State Police v. Motor License
25 Fund," and I can tell you that that is not what this is.

1 The State Police budget, the amount of the State
2 Police budget, the workings of the State Police and how
3 they use that money, is really not the concern of this
4 committee. It's a concern to every Member but is not
5 something that we'll be taking up.

6 What we're here to do today is to talk about
7 infrastructure and the money we spend on infrastructure;
8 the money we have dedicated to infrastructure; and to
9 really figure out a way to make sure that those funds
10 remain dedicated, that we fund the State Police through a
11 normal process. And I would say that even if we were using
12 the Motor License Fund for education or for corrections or
13 anything else.

14 This is money that we dedicated to fix roads and
15 bridges. It's constitutionally protected for that purpose.
16 But we've gone far afield over the years in making sure
17 that now the system is completely upside down, and we're
18 really here to start a process to correct it.

19 And with that, I'll ask my Committee Chairman,
20 Bill Keller, to make a few comments, and then we'll begin.

21 MINORITY CHAIRMAN W. KELLER: Thank you,
22 Mr. Chairman. Well said.

23 And once again, I would like to thank you for
24 taking the leadership on an issue like this. I don't think
25 people realize, because it's not in the news a lot and

1 people don't realize how important this issue is, and it's
2 going to take the leadership you have to fix this.

3 I have had a little experience on something
4 similar to this problem. When I was Chairman of the Labor
5 Committee, we had the Unemployment Fund was in a deficit,
6 and it was \$4 billion. I think in the last Administration,
7 that was probably one of the top five problems that we had
8 in the State at that time. And we did, bipartisanly, we
9 did work out a solution, and the fund is now fully funded.

10 So thank you for looking at this in the right
11 way. I know there are not many people around here in this
12 day and age that take deficit seriously. I know you do,
13 and I think we'll be able to come to a solution with this
14 problem if we keep looking at it.

15 Thank you.

16 MAJORITY CHAIRMAN TAYLOR: Thank you,
17 Mr. Chairman.

18 We have also been joined by Representative Bryan
19 Barbin.

20 Okay. We would like to begin. And Secretary,
21 good morning. I understand you've had a pretty busy
22 morning already, huh? That does not include driving from
23 the southeast, which many of us had to do. It was my
24 smoothest ride through the Schuylkill Expressway this
25 morning.

1 SECRETARY RICHARDS: Surprisingly light traffic
2 this morning.

3 MAJORITY CHAIRMAN TAYLOR: A post-Super Bowl
4 miracle, I think.

5 And Colonel Blocker, thank you for being here.

6 And I don't know, Secretary, if you're -- whoever
7 wants to begin.

8 COLONEL BLOCKER: I will.

9 MAJORITY CHAIRMAN TAYLOR: Okay.

10 SECRETARY RICHARDS: Actually, the Colonel is
11 going to start first. And it has been a good morning.
12 I've been given the opportunity to speak to Transportation
13 already at one hearing and now I got another. So it was a
14 good morning for me.

15 MAJORITY CHAIRMAN TAYLOR: Good.

16 And Colonel, just bring that mic close to you so
17 that our outside audience can hear as well. And Secretary,
18 we have another one for you.

19 SECRETARY RICHARDS: Thank you.

20 COLONEL BLOCKER: Well, good morning, Chairman
21 Taylor and Chairman Keller and Members of the House
22 Transportation Committee.

23 As was stated, my name is Col. Tyree Blocker.
24 I'm the Commissioner of the Pennsylvania State Police, and
25 I want to thank you for inviting me here today.

1 I am pleased to be sitting alongside of the
2 Pennsylvania Department of Transportation Secretary Leslie
3 Richards to talk about this important issue.

4 PennDOT and the Pennsylvania State Police have
5 long partnered to accomplish the common goal of making
6 Pennsylvania highways and bridges among the safest to
7 traverse in the nation. Both Secretary Richards and I
8 agree that this goal cannot be accomplished without
9 significant financial investment.

10 To this point, the Motor License Fund has served
11 as a dedicated funding stream for both agencies and has
12 been critically important with regard to the construction,
13 maintenance, and safety of our vast highway and bridge
14 system.

15 The State Police is the tenth largest police
16 agency in the United States, serving as the primary police
17 force for nearly 3.4 million residents over a 36,000
18 square-mile area. The State Police has an authorized
19 complement of 4,719 members.

20 The fiscal year 2015-2016 budget for the State
21 Police is approximately \$1.2 billion. Of this, State funds
22 account for approximately \$1 billion, which is comprised of
23 755 million from the Motor License Fund and 245 million
24 from the General Fund.

25 The basis for funding the State Police from the

1 Motor License Fund stems from Article VIII, Section 11, of
2 the Pennsylvania Constitution. Section 11 governs and
3 restricts use of the Motor License Fund.

4 And I'll quote Section 11, Article VIII, and
5 basically it says, "All proceeds from gasoline and other
6 motor fuel excise taxes, motor vehicle registration fees
7 and license taxes, operators' license fees and other excise
8 taxes imposed on products used in motor transportation
9 after providing therefrom...shall be appropriated by the
10 General Assembly to agencies of the State or political
11 subdivisions thereof; and used solely for construction,
12 reconstruction, maintenance and repair of and safety on
13 public highways and bridges...."

14 The aforementioned section has long been
15 understood to include any number of State Police functions
16 that fall under the umbrella of "safety on public highways
17 and bridges."

18 In 1979, the Governor's Office of Budget and
19 Administration commenced a study to obtain a clear legal
20 basis and accounting for what constitutes the State Police
21 traffic safety and patrol expenditures, which the Motor
22 License Fund is permitted to cover. While there is no
23 formula to determine the percentage of State Police
24 undertakings connected to highway safety, the study
25 concluded that there were both logical and sound

1 methodologies applied for funding the State Police
2 activities from the Motor License Fund.

3 The primary mission of the State Police is
4 highway safety. The department's field operations are
5 divided into three areas and 16 Troops. Each area is
6 comprised of five Troops. Each Troop is comprised of a
7 Troop Headquarters and two or more State Police Stations.

8 The State Police operates from a total of
9 89 Troop installations. That would be 16 Troop
10 Headquarters and 73 Stations in all 67 counties in the
11 Commonwealth. Each Troop Headquarters and Station is
12 responsible for providing general law enforcement services
13 within its respective service area.

14 The State Police is also responsible for
15 providing police services to all interstate highways in
16 Pennsylvania. Of the enlisted members allocated to the
17 Troops and Stations, over 75 percent of them are assigned
18 to uniformed roadway patrol functions. The public image of
19 the State Police is the uniformed patrol Trooper, and that
20 is for good reason.

21 Our members assigned to patrol serve as the
22 department's backbone, and they are the "tip of the spear"
23 in the Pennsylvania State Police's unrelenting efforts to
24 keep our roadways, highways, and bridges safe.

25 Even those enlisted members who are not regularly

1 assigned to patrol functions often play a role in highway
2 safety. It is not uncommon for a non-uniformed Trooper to
3 render assistance to a stranded motorist or take action on
4 any number of highway incidents they incur, or otherwise
5 don our uniform to augment our efforts during any number of
6 occurrences impacting highway travel.

7 The Bureau of Patrol, which is based at State
8 Police Department Headquarters, supports and furthers the
9 goals and initiatives to improve highway safety throughout
10 the Commonwealth. In conjunction with our Federal, State,
11 and local partners, the Bureau of Patrol develops and
12 implements enforcement policies, programs, and strategies
13 to reduce traffic crashes and related injuries and
14 fatalities.

15 The Bureau of Patrol consists of three divisions:
16 Patrol Services, Safety Program, and Commercial Vehicle
17 Safety. Although each division has a specific function,
18 their collective goal is directed toward improving highway
19 safety.

20 The State Police has always taken a proactive and
21 progressive role in ensuring our highways are safe to
22 travel. Take, for example, our Bureau of Criminal
23 Investigations "Safe Highways Initiative through Effective
24 Law Enforcement and Detection" program. It has the acronym
25 of SHIELD.

1 The SHIELD program, which was established in
2 2013, is housed within the Drug Law Enforcement Division
3 within the department. The SHIELD unit consists of three
4 full-time teams which operate out of six different
5 locations across the Commonwealth. The teams focus their
6 efforts on the major interstates and highways throughout
7 Pennsylvania.

8 Last year, SHIELD unit members conducted 4,609
9 traffic stops and seized contraband and illicit drugs. The
10 street value of those drugs seized by SHIELD members was
11 \$118 million. The SHIELD initiative involves saturation
12 patrol coverage on main highways and interstates and
13 undeniably contributes to the overall safety of
14 Commonwealth highways.

15 In addition, there are other specialized units
16 that facilitate and support the department's patrol and
17 traffic-related functions. They include: our Aviation
18 Unit; our K-9 Unit; Forensic Services Unit; our State
19 Police Crime Laboratory; motorcycle patrols; vehicle fraud
20 investigators; motor carrier inspectors; and our
21 state-of-the-art department Watch Center, which monitors
22 activities on our highways.

23 While the aforementioned State Police activities
24 highlight our efforts in keeping our highways and bridges
25 safe, the activities I describe are far more exhaustive.

1 Obviously, the overwhelming majority of State
2 Police efforts are dedicated to patrolling our highways and
3 keeping them safe. However, we recognize that PennDOT's
4 task of maintaining our transportation system is equally
5 important, and the financial key to PennDOT's success in
6 this area is ensuring the stability of the Motor License
7 Fund for future projects.

8 The share of the State Police budget coming from
9 the Motor License Fund will continue to increase over time.
10 Clearly, Governor Wolf and the Members of the General
11 Assembly have a difficult task ahead. Regardless of the
12 decision made, the challenge will be to implement a viable
13 new revenue stream to fund State Police operations.

14 Once again, I would like to thank the Committee
15 for inviting the State Police here to speak on this very
16 important matter. I will now be happy to take any
17 questions you may have.

18 Thank you, Mr. Chairman.

19 MAJORITY CHAIRMAN TAYLOR: Thank you, Colonel.

20 Colonel, I'm going to go right to the Secretary
21 and then we'll ask questions. If Members could jot down
22 your thoughts and questions for the Colonel.

23 And before we move forward, I do understand in a
24 1979 study they determined then there was no formula, and
25 there is no formula now.

1 COLONEL BLOCKER: Right.

2 MAJORITY CHAIRMAN TAYLOR: We think that that's
3 the crux of what we're doing. Because I think now it's
4 strictly a budgetary matter.

5 COLONEL BLOCKER: Yep.

6 MAJORITY CHAIRMAN TAYLOR: And, you know, under
7 the pressures that we're all under, it has just been an
8 easier way to go. So that's why we want to try to see if
9 we can get to, not necessarily a formula but a method to
10 keep everything rolling.

11 Secretary.

12 SECRETARY RICHARDS: Sure.

13 MAJORITY CHAIRMAN TAYLOR: Thanks again for being
14 here. As soon as you're ready, you can proceed, and then
15 we'll have some Members ask some questions.

16 SECRETARY RICHARDS: Sounds good.

17 Good afternoon, everybody. I think we've skipped
18 the morning already.

19 But I'm happy to be here, and particularly happy
20 to be here sitting alongside Colonel Blocker. We've
21 discussed this issue, which is very important to the
22 Commonwealth of Pennsylvania, and we are committed to
23 working on it together to find, as Colonel Blocker said, a
24 viable solution so that both PennDOT can move forward in
25 the way that it needs to offer and provide a transportation

1 network that Pennsylvanians deserve as well as the State
2 Police can move forward, making sure that they provide the
3 vital public safety function for the State of Pennsylvania.
4 So I'm very happy to be here in a very united discussion.

5 So Chairman Taylor and Chairman Keller, thank you
6 for having us here. It's nice to see all the other Members
7 of the House Transportation Committee as well.

8 Just a very quick background, and I know we've
9 discussed this before. But with 40,000 miles of road and
10 25,000 bridges, PennDOT is the fifth largest when it comes
11 to State-maintained roads. We're the third largest in the
12 country when it comes to maintained bridge systems.

13 We do, unfortunately, hold the unfortunate title
14 of having the most structurally deficient bridges, but when
15 you have 25,000 bridges that you are responsible for, that
16 is a likely scenario. And our average age of bridges is in
17 excess of 50 years.

18 I also just want to point out, we do -- and
19 thanks to so many in this room who worked very hard for
20 Act 89. I also want to commend former Secretary Barry
21 Schoch, who I know will be with us shortly -- that 2 years
22 ago, you and the Legislature took a courageous stand and,
23 in a bipartisan way, enacted Act 89, a far-reaching,
24 virtually unprecedented step forward to secure additional
25 investment for all transportation modes.

1 Your action helped address decades of
2 underfunding and promised to deliver more miles of improved
3 highways and bridges than ever and for the desperately
4 needed benefits for all of transportation in Pennsylvania.

5 Often when I go to national conferences, other
6 State DOT heads come up to me and they are quite jealous
7 with the tool that you have given us. But we come here,
8 as Colonel Blocker has outlined, with the challenge where
9 Act 89 cannot move forward in the way in which it was
10 intended because of other stresses on the Motor Licensing
11 Fund, and that's why I'm so happy that we're starting this
12 productive conversation together.

13 Colonel Blocker and I have worked very closely,
14 just in the past year on the Pope's visit. The last
15 storm which hit us two weekends ago, I think we are
16 around-the-clock speaking to each other. It's very
17 possible we could be spending early morning hours tonight
18 together as we anticipate this week's events. Mother
19 Nature has quite a trip in store for us as well. And I
20 look forward to that, and I do enjoy working alongside with
21 the State Police. So I just wanted to put that out in
22 front while now I paint the picture of the challenge that
23 is before PennDOT.

24 And just to share some numbers, and then I would
25 like to go over the charts that are in this room. I know

1 this room is a little difficult to set up charts. I'm
2 assuming everybody has a copy in front of them so they can
3 read them as well. But I do want to walk through them.

4 Before I do, I just want everybody to be aware,
5 and these numbers, again, match up with Colonel Blocker's
6 testimony, but traditionally, the share of the State Police
7 budget coming from the Motor Licensing Fund was around
8 67 percent. That started to rise in fiscal year 2005-2006
9 and now stands at closer to 75 percent. Since 2001, the
10 portion of the State Police budget coming from the fund has
11 risen from 316 million to 739 million, and it is projected
12 to rise to over 1 billion by the end of the decade.

13 So what exactly does this mean, and this is where
14 I would like to review the charts that are in front of us.

15 If I could first draw to your attention the first
16 chart, which is the furthest one on your right. This chart
17 shows the Motor Licensing Fund. It shows the total highway
18 and bridge programs that were funded, that are funded by
19 the Motor Licensing Fund. And what is important in this
20 chart is it shows the difference, the orange line and
21 what's under the orange line.

22 The dashed at the bottom of the orange filled-in
23 space, that is the restricted construction funds.
24 According to law, money on construction cannot go beyond
25 that line. So, for instance, we must spend, and I'm glad

1 to report this, we must spend nearly \$1 billion -- it's
2 just shy of \$1 billion -- in the future on construction
3 projects.

4 What is above that dotted line and the solid
5 orange line represents the unrestricted construction funds,
6 and that, by Act 89, you can see right after 2013 when
7 Act 89 was passed, that line is a sharp slope up.

8 The little dent in that is just to adjust with
9 the wholesale price going up and down according to the
10 Act 89 direction. And we will hit the high when the last
11 increase in the wholesale price goes up in 2017, which is
12 just next year.

13 And that's what that second peak is. I'm going
14 to see if this pointer, will it reach this far? Yeah;
15 here. Oh, look at that. Okay. So this is the second.
16 That's the high, and what that shows is the promise of
17 Act 89. That gets us to that height right there when the
18 wholesale price goes and is finally enacted at the highest
19 price in 2017.

20 Now that, before I get to the downward slope of
21 that construction, the line above it, that is maintenance.
22 And as you can see, we have held maintenance at PennDOT
23 flat, which really means that we have been cutting
24 maintenance, because the price of maintenance, supplies,
25 personnel, projects in general, only go up every year, but

1 we have had no choice but to keep it flat.

2 For me, that's extremely troubling. That means
3 all the good investments we're putting into new projects,
4 we're putting into other projects, we're not maintaining
5 them properly. We should be putting money into
6 preservation, maintenance projects, so that the life of our
7 pavements, so that the life of our bridges, are as long as
8 possible before we have to go back in and replace or rehab.

9 And then the green line shows the State Police
10 funding. And the green line shows the historic growth of
11 the State Police funding, and then moving forward it is
12 projected at a growth rate of 4 percent and continues to go
13 up at that rate.

14 Now, to get back at the construction funding in
15 orange -- oh, I think I lost batteries in my--- Anyway, as
16 you can see, the construction -- oh, there we go. The
17 construction funding, because of the increase in the State
18 Police -- and we are required that the funding for the
19 State Police must come out of unrestricted construction
20 funds -- is going down, which means the money available
21 since Act 89 will continue to decrease, and that will
22 continue until it eventually gets to zero in the
23 unrestricted funds.

24 At that point, we will have no choice -- again,
25 by statute, we must do this -- we will then have to take

1 the money out of our maintenance funds. So not only will
2 this line not be held flat, which as I explained before,
3 it's an actual cut, but will actually decrease after that
4 orange, the solid orange line meets the dashed orange
5 line.

6 As you can see, that's not that far in the
7 future. That map itself goes out to 20--, the year 2028
8 and '29. But that means that every year since, from 2017
9 moving forward, the funding available will decrease.

10 So what I would like to draw your attention to
11 now is the graph to the left of this initial graph that I
12 started discussing, and what that shows, I think in a more
13 visual way, is the unrestricted construction funding.

14 And what's important to note is the yellow is the
15 State Police funding. As that grows larger and larger, the
16 orange funding represents the construction funding of where
17 it must come from by law, and you can see that that number
18 gets lower and lower until eventually it will become zero
19 and then will have to come out of the maintenance funding
20 shown in blue.

21 So what we did is when the Act 89 discussions
22 were going on, they took numbers that were studied in
23 varying detail with the TFAC report, the Transportation
24 Funding Advisory Committee. And the Transportation Funding
25 Advisory Committee took two assumptions as they were -- or

1 I should say a range of assumptions and as they were moving
2 forward.

3 They looked at the amount going to the State
4 Police at the time and they projected in the future, and
5 they looked at the range of 270, capping the State Police
6 somewhere between 270 million and 570 million. And their
7 discussions and the numbers that they based all of their
8 studies were based on capping the State Police at some
9 number within that range.

10 In order to elevate the conversation to a
11 productive conversation, what we did is we took two of
12 those two numbers within that range. So the first chart I
13 want to discuss with you is the \$300 million range.

14 If the State Police were capped at the
15 \$300 million range, what would that mean? And at the
16 \$300 million range, that would mean that there would be an
17 extra \$9.2 billion over 12 years to spend on construction
18 projects.

19 Obviously, that would be a huge difference. That
20 would allow us to work through all of the Act 89 projects
21 that have been identified as well as bring on some new
22 priority projects that have been presented to PennDOT.

23 And that is -- let's see here. All right. That
24 is the next chart over to your left. Again, you can see
25 how the restricted funding for construction remains the

1 same, and the unrestricted construction funding shown in
2 orange is large.

3 What it also allows us to do is to increase our
4 maintenance funds, which is something that is desperately
5 needed. Under this scenario, we show a growth in
6 maintenance of 1.5 percent, which would really allow us to
7 extend the life of our pavements, of our paving projects as
8 well as our bridges, and would really help us tackle the
9 structurally deficient bridges, which we are aggressively
10 addressing right now. But it would allow us and give us
11 the tools that we need to do that even further.

12 Underneath that graph, again, it's just showing
13 how it is spread out with the unrestricted construction
14 funds. You can see how the yellow of the State Police is
15 held and capped at 300 million, how maintenance for the
16 first time is able to grow that, in the blue, and then in
17 the orange how we can also at the same time grow the
18 construction.

19 The next chart to your left takes that second
20 scenario that I mentioned. That is capping the State
21 Police at 500 million. Capping the State Police at
22 500 million will allow an additional \$6.7 billion over the
23 next 12 years. Again, that will allow us to put a major
24 dent in all of the projects that are listed in Act 89, move
25 them forward.

1 And again you can see, while not, obviously, not
2 the same impact for PennDOT as the first scenario, it still
3 has a very significant impact to PennDOT, and here we can
4 grow maintenance at 1.25 percent, again allowing us to
5 proactively impact the maintenance issue as well as growing
6 our construction money.

7 Now, I know this is no easy task. This is
8 probably not the first time many of you are discussing
9 capping the State Police. So the third scenario -- do we
10 have that one up? Oh, it was underneath. Pardon me.
11 Thank you, Leo.

12 For those of you who don't know, Leo Bagley, who
13 I'm honored, is my special assistant at PennDOT and helped
14 put together all these graphs, as well as the other staff
15 at PennDOT.

16 So the third scenario, which is Exhibit 4-1,
17 shows a step-down approach where we would cap it sooner
18 rather than later at its current amount, at 755 million;
19 then in the second year we would step it down to
20 625 million; and then in the third year, we would reach
21 that \$500 million cap. I do believe that \$500 million cap
22 was what was discussed most in the Act 89 discussions and
23 what was assumed as Act 89 got passed, so in order to reach
24 to that level.

25 And with that step-down approach -- again,

1 755 the first year; 625 the second year; 500 in the third
2 year -- that allows us to have \$6 billion in addition to
3 what we have now over the next 12 years.

4 So we just wanted to put that out there so that,
5 again, we could elevate the discussion in a productive way
6 to try to figure out what our options may be, what our
7 goals are to achieve on the end of PennDOT being able to
8 deliver the intent of Act 89.

9 I cannot stress enough that solving PennDOT's
10 problem without solving the State Police's problem is not
11 an option that we would support. We really want to make
12 sure, again, that the State Police have what they need, and
13 since we work so closely with the State Police, it is very
14 important for us to go on together in a very supportive
15 way.

16 So with that, I know that there will be options
17 of how to get a dedicated line of funding for the State
18 Police. And with that, I would just like to mention, and
19 it is obviously a legislative action, but I would be remiss
20 personally if I didn't add this.

21 When I was a local elected official, we ran into
22 an issue with local emergency responders, which included
23 our police, our volunteer ambulance, and also our fire
24 volunteers. It became very apparent that if we didn't
25 start paying for drivers, overnight drivers in particular,

1 we were not going to be able to provide the fire service
2 that we needed to our township, and so we did enact a local
3 services tax. And while the discussion of it was a little
4 rough at first, it was embraced.

5 And so I know that there are other taxes that are
6 on the table, so I just wanted to highlight, you know, with
7 an increase, per se, with the personal income tax -- I know
8 that has been discussed -- but when taxes are used for
9 local law enforcement, at least I have found in my own
10 experience that people understand that. They want law
11 enforcement. They want the right public safety that they
12 need. And so I just wanted to mention that and mention
13 that, you know, just a little increase in that example may
14 get us to where we need to be.

15 And with that, I open it up to any questions.

16 MAJORITY CHAIRMAN TAYLOR: Thank you, Secretary.

17 I think from the legislative side, we share your
18 notion that we don't want to solve this highway dilemma on
19 the backs of the State Police, but certainly it's a matter
20 of formulating our plan.

21 And then secondly, I mean, this is the time to do
22 this, because as problematic as the charts, you know,
23 display the situation and as much money as we're talking
24 about, compared to the budget and what we're dealing with
25 and what we need to deal with over the next 6 months or

1 1 year, this is something that we should certainly handle
2 at the same time.

3 I'm going to call upon Chairman Saylor for a
4 question, and then we're going to ask a few questions. But
5 because of the number of folks we're going to have to have
6 testify, we'll try to limit the number of questions for the
7 Secretary and for Colonel Blocker. We can always continue
8 this hearing in some other fashion. But I would like to
9 try to get as many folks on that have traveled here to do
10 that.

11 With that, Chairman Saylor.

12 REPRESENTATIVE SAYLOR: Thank you, Chairman
13 Taylor.

14 I guess what my question goes to is revenue and
15 any thoughts that either of you would have on it. You
16 know, I have advocated and I know Representative Sturla has
17 advocated. We have two different pieces that we've talked
18 about.

19 I have one that says if you have a municipality
20 of 10,000 people or more, you have to pay for State Police
21 protection if you don't have your local police. I guess
22 the question is, you know, as I travel, we all travel
23 across other States to vacation or whatever, visit
24 relatives, their sheriffs' departments provide a lot of
25 protection which we don't have in Pennsylvania necessarily.

1 Any thoughts from the Secretary or you, Colonel
2 Blocker, as to what other States are doing to help support
3 -- and I think since 9/11, the demand on the Pennsylvania
4 State Police has been tremendous, and I'm not sure that we
5 have enough Troopers for what we need in the first place.
6 But how do you allocate more Troopers when we're already
7 facing this financial crisis?

8 So any recommendations from either of you as to
9 possible solutions that you see other States doing or you
10 think might be a possibility for us in Pennsylvania.

11 COLONEL BLOCKER: Let me first take a bit of a
12 swipe at that.

13 There are a number of options that other States
14 are using to fund their particular State Police agencies.
15 They use a myriad of variables associated with that. And I
16 don't have any particulars regarding the overall funding
17 strategy that, for example, New Jersey uses or my
18 counterparts in New York State.

19 But I think that any time you can have a
20 discussion about local municipalities in PA and how they
21 provide some funding stream for the State Police, who are
22 their primary law enforcement agency, is something that I
23 think has merit going forward. It will -- obviously, that
24 kind of talk would require the support of this body as well
25 as the Governor's Office regarding that.

1 SECRETARY RICHARDS: And I would just add, again,
2 you know, as with my experience as a local elected official
3 in a township as well as in a county, I have found that
4 when you do discuss, you know, a tax and an increase and it
5 is associated directly with law enforcement, I have found
6 it to be favorable.

7 Just as an example: when we talk about the
8 \$500 million cap that would require, in our calculations,
9 looking at the personal income tax at 3.16, which would be
10 a .09-percent increase. So that is just coming from my own
11 experience. I am fully open to discussing any options that
12 we can get there.

13 I also want to let you know, PennDOT will be
14 fully engaged, whether we can do something with the local
15 municipalities who rely on State Police; whether there's
16 some type of service; whether there's some type of agility
17 agreement, which we already do with many municipalities.

18 For those of you who are unfamiliar, the agility
19 agreements are kind of like bartering agreements where they
20 provide services to us, we provide services to them. If we
21 can be helpful with that.

22 We do have the increase in registration fees that
23 Act 89 allowed us to do with counties. Many counties are
24 taking advantage of that. I'm not sure if there is any
25 flexibility there, but again, we would be willing to take a

1 look at that.

2 I just think there are a lot of options that we
3 can take a look at, and again, PennDOT will be fully in
4 support of, to make sure that State Police remains whole,
5 and obviously we would love to be able to really fully
6 commit to the transportation projects that were identified
7 during Act 89.

8 MAJORITY CHAIRMAN TAYLOR: Thank you.

9 Before I turn it over to Chairman Bill Keller, I
10 want to recognize that Chairman Tim Hennessey has joined
11 us. Representative Doyle Heffley has joined us. Some
12 Members of the House that are not Members of this
13 Committee: Representative Mark Mustio and Representative
14 Mary Jo Daley are here as well.

15 Chairman Keller.

16 MINORITY CHAIRMAN W. KELLER: Thank you,
17 Mr. Chairman.

18 Colonel, you have testified that the State Police
19 serve over 3.4 million residents, and that encompasses over
20 a 36,000 square-mile area. Do you know how many
21 municipalities across the State currently rely on State
22 Police for their coverage?

23 COLONEL BLOCKER: I don't have that specific
24 number, Representative, but we can certainly share that
25 information with you in terms of the municipalities that

1 State Police provide primary law enforcement services.

2 Typically, if their -- if a municipality does not
3 have a police department, it's mandatory that the State
4 Police provide policing services to those municipalities.
5 And in some cases, that might be just part-time services
6 that the State Police provide.

7 But we could certainly research that for you and
8 provide you that information.

9 MINORITY CHAIRMAN W. KELLER: If you could get
10 that to the Chairman, I'm sure he could share it with the
11 rest of the Committee. I would appreciate it.

12 COLONEL BLOCKER: Yeah. Will do.

13 MINORITY CHAIRMAN W. KELLER: And everyone here
14 knows I'm not a constitutional lawyer, but you've quoted
15 the Pennsylvania State Constitution.

16 COLONEL BLOCKER: Yes.

17 MINORITY CHAIRMAN W. KELLER: Because it is the
18 Pennsylvania State Constitution, do you interpret it that
19 all roads apply or just State roads apply?

20 COLONEL BLOCKER: I interpret it literally as all
21 roads apply.

22 MINORITY CHAIRMAN W. KELLER: Even though it's
23 the State Constitution?

24 COLONEL BLOCKER: Yes. Roads in Pennsylvania.

25 MINORITY CHAIRMAN W. KELLER: Okay. All right.

1 Well, I'll get my constitutional lawyers on that.

2 COLONEL BLOCKER: Constitutional lawyers. Yeah.

3 MINORITY CHAIRMAN W. KELLER: Madam Secretary,
4 you have testified that the increase will be a 4-percent
5 increase for the State Police. I have documents from our
6 Appropriations Committee that said it's 6 percent. Could
7 you explain the difference between the two?

8 SECRETARY RICHARDS: Sure.

9 For planning purposes, we always have to project
10 and use, you know, a number, and so for planning purposes
11 moving forward, we have used 4 percent to forecast into the
12 future.

13 Historically, it is closer to 6 percent, but you
14 have to start somewhere when you're planning. So that's
15 what -- you know, it will be adjusted as current numbers
16 become available.

17 MINORITY CHAIRMAN W. KELLER: But you believe
18 it's closer to 6 percent than 4 percent?

19 SECRETARY RICHARDS: Historically, that's where
20 it has been. Yes.

21 MINORITY CHAIRMAN W. KELLER: Okay.

22 Thank you, Mr. Chairman.

23 MAJORITY CHAIRMAN TAYLOR: Representative Pyle.

24 SECRETARY RICHARDS: I guess I would just also
25 add to that, obviously if 4 percent were changed to

1 6 percent, that would make these graphs look even more dire
2 than they do now.

3 MINORITY CHAIRMAN W. KELLER: Well, that was my
4 point. If you believe it's going to be 6 percent and we're
5 talking about 4, then we're in worse shape than we're here
6 testifying to.

7 SECRETARY RICHARDS: Mm-hmm.

8 MINORITY CHAIRMAN W. KELLER: Thank you.

9 MAJORITY CHAIRMAN TAYLOR: Now Representative
10 Pyle.

11 REPRESENTATIVE PYLE: Thank you.

12 MAJORITY CHAIRMAN TAYLOR: Yes, sir.

13 REPRESENTATIVE PYLE: First of all, love our
14 State Police barracks be it the guys are warriors every
15 day. The only major State highway that runs through my
16 county is SR 28, which is the main connector into
17 Pittsburgh.

18 And if you look at the performance of PSP, it is
19 nothing less than admirable. They are our shop troops, our
20 home defense, against a freight train of heroin moving out
21 of Pittsburgh into our county, and I truly appreciate our
22 local Troopers.

23 I have one simple question. I think it's for
24 you, Chairman: Are the State Police limited to their
25 functional operations money to only the Motor License Fund?

1 Are there other funding sources budgetarily that go to the
2 State Police?

3 MAJORITY CHAIRMAN TAYLOR: Other than the General
4 Fund?

5 REPRESENTATIVE PYLE: Correct.

6 MAJORITY CHAIRMAN TAYLOR: I'll ask the Colonel
7 that question then, because there was a -- is there any, I
8 think there was a gap there between the General Fund and
9 the Motor License Fund. Is there another piece?

10 COLONEL BLOCKER: Correct. From the General
11 Fund, we're probably looking at 230, 245 million from the
12 General Fund.

13 There are some limited funding streams as well,
14 augmented kinds of funds. I don't want to say nominal, but
15 they are not to the extent that the Motor License Fund and
16 the General Fund is.

17 MAJORITY CHAIRMAN TAYLOR: So I guess to the
18 Representative's question, those two are the---

19 COLONEL BLOCKER: Those two are the lion's share
20 of our overall \$1.2 billion budget; yes.

21 REPRESENTATIVE PYLE: I appreciate what the
22 source point is. I'm asking, are you constitutionally
23 limited to the Motor License Fund to fill the State Police
24 coffers in the amount that you identify as roughly 60 to
25 65 percent of your funding stream?

1 COLONEL BLOCKER: My understanding,
2 Representative, is that that has been the road forward for
3 quite a long time in terms of funding the State Police
4 budget, through the Motor License Fund.

5 How the Governor and the Legislature cobble the
6 State Police budget moving forward is the subject of, I'm
7 sure, a lot of further discussion.

8 REPRESENTATIVE PYLE: Discussion; yeah.

9 COLONEL BLOCKER: Yes.

10 REPRESENTATIVE PYLE: Okay. And---

11 MAJORITY CHAIRMAN TAYLOR: And if I could further
12 answer that, Jeff.

13 The resolution that we're preparing as a result
14 of this hearing and will try to vote this week, really, the
15 first step will ask for a study to really determine what a
16 calculated guess is of what that constitutional duty should
17 be. So the constitutional duty deals with safety. That's
18 a fairly nebulous topic, and we wanted to try to define
19 that.

20 We combine that information with some of the
21 Secretary's, I don't just want to call it a proposal, but
22 maybe we'll make it a proposal where we cap it at a certain
23 number and then start walking it back, if you will, to the
24 point that the Motor License Fund is much more sound as
25 well as protecting our maintenance dollars.

1 Obviously we need -- that number has to come from
2 the General Fund. That has to be woven into our budget
3 discussions that could come from another dedicated source
4 or whatever.

5 So, I mean, I think the crux of what we're doing
6 is that constitutional question is somewhat vague.

7 REPRESENTATIVE PYLE: Chairman, I don't know who
8 this question is for, to be honest.

9 I'm glad you all like Act 89, but if they are not
10 constitutionally limited to the Motor License Fund and can
11 accept funding sources from any source, which I fully
12 support. I mean, we need our PSP.

13 MAJORITY CHAIRMAN TAYLOR: Definitely.

14 REPRESENTATIVE PYLE: I think you hit on it right
15 at the very beginning of the meeting, Chairman. This is a
16 budgetary issue.

17 Now, the Act 89, also known as House Bill 60, the
18 one that I put my name on, was for building bridges and
19 roads, and now I find out more and more it is being
20 diverted to the State Police. Now, I recall, if I'm not
21 mistaken, at the end of December when the Governor signed
22 HB 1460, the general appropriations bill of the 2015-16
23 fiscal year budget, he did not expend \$6 ½ billion. The
24 big number here was what, 550 million? Problem solved.

25 Next.

1 MAJORITY CHAIRMAN TAYLOR: Representative Barbin.

2 REPRESENTATIVE BARBIN: Thank you, Mr. Chairman.

3 And thank you, Madam Secretary, and thank you,
4 Colonel Blocker.

5 I have a question, which is, I look at your
6 Exhibit 1-1, and our Chairman, Representative Keller, has
7 indicated that if the numbers are actually more historical,
8 that that chart moves back. It's already at 2024 and at
9 the point where you become negative on the construction
10 projects, even though we have passed Act 89.

11 SECRETARY RICHARDS: Mm-hmm.

12 REPRESENTATIVE BARBIN: So I guess what I'm
13 looking at is, have you looked at the possibility of maybe
14 consolidating the Turnpike and using the Turnpike as an
15 asset to try to make up for what we're going to have as a
16 real problem in 2022 or 2024 by doing a long-term asset?

17 What we didn't do when we passed the natural gas
18 impact fee, we didn't create a market. So now while the
19 gas, the natural gas in the nation, is at 2.40 or 2.30, in
20 Pennsylvania, because we have limited ways of getting it to
21 market, the price for natural gas is \$1.20.

22 Since we have a long-term financial problem here
23 in 2024 or 2022, why shouldn't we be using our construction
24 money now to take advantage of helping that market? We're
25 supposed to not only have Marcellus Shale but underneath it

1 Utica for another 50 years. Is there a possibility of
2 doing -- there are some bills that are out in the House
3 that say building a public private partnership, where the
4 Turnpike would bid out sections of the Turnpike for
5 pipelines, which would then provide royalties down the
6 road. We have got a long-term problem here, and if we
7 don't deal with it, we know that by 2022, we're not going
8 to have money for the projects or the State Police.

9 So I guess my question is, have you considered
10 using the Turnpike asset as a method of, when you're doing
11 these construction projects, also building pipelines that
12 would be owned by the Commonwealth that could generate
13 royalties?

14 SECRETARY RICHARDS: Yeah. I can say this
15 Administration at this point has not had that discussion or
16 raised that, so I have not participated in that type of a
17 discussion.

18 Obviously, first of all, I sit on the Turnpike
19 Commission. I'm an ex-officio member there of the
20 five-member Turnpike Commission. We are always looking at
21 ways to better support each other and work together in a
22 collaborative manner. And so we would be, you know,
23 however the Legislature would direct us to explore
24 different options, we would be happy to go back and get
25 information so we could have a more intelligent

1 conversation on that with the right numbers and the data to
2 take a look at it.

3 But at this time, no, that has not taken place,
4 but obviously if directed so by the Legislature, that's
5 something that could take place. And I think it may take
6 many innovative solutions and ideas to figure out this
7 problem, and, you know, we're happy to take a look at a
8 variety of them.

9 REPRESENTATIVE BARBIN: Well, I'd say yes that we
10 do look at it, because what we're being told in the
11 Environmental Committee where I came from right before, is
12 that the money that is being made in the Marcellus is being
13 made in the pipelines. If we own the pipeline, we would be
14 able, whether it's a tax or a royalty, we would be in a
15 position to pay back bonds and also to have money going
16 forward for these issues.

17 Thank you, Mr. Chairman.

18 MAJORITY CHAIRMAN TAYLOR: Thank you.

19 And Secretary and Colonel, as you both know, this
20 is not the end; this is the beginning. So we appreciate
21 you being here today. I get a feeling we'll be doing this
22 again. Of course, the Secretary and the rest of us, and
23 maybe even you, will be talking on Wednesday, but a
24 different topic.

25 But, you know, on this, we're going to try to,

1 you know, put our heads together, along with our colleagues
2 in the Senate, and get a plan that we'll have you come back
3 and comment on as well.

4 COLONEL BLOCKER: Okay.

5 MAJORITY CHAIRMAN TAYLOR: So thank you very
6 much.

7 SECRETARY RICHARDS: That sounds good. Thank
8 you.

9 COLONEL BLOCKER: I appreciate your time,
10 Mr. Chairman and Committee Members.

11 And it's nice to see Representative Hennessey
12 there. Good to see you.

13 MAJORITY CHAIRMAN TAYLOR: So what we're going to
14 do next, we added a few chairs to the panel. And it's one
15 thing to keep witnesses waiting; it's another to have them
16 standing. So we're going to bring both Barry Schoch, our
17 former Secretary, up to the table as well as the entire
18 next panel that is scheduled to speak. So that will
19 include Jamie Van Buren, Jason Wagner, Bob Latham, and
20 Eric Madden. If you all can come up, and we'll at least
21 get in position.

22 Thank you all for being here. Now we'll go back
23 to the order on our agenda.

24 And Barry, thanks. I think you're no stranger to
25 this committee throughout the process of Act 89, and we're

1 glad we have that to talk about. As much as it is in
2 jeopardy, we still have it. So thanks for all your work on
3 that, and we'll ask you to begin.

4 MR. SCHOCH: Well, thank you. It's good to see
5 you all again, and I thank you for having me back to
6 discuss this.

7 Certainly this is an issue that has existed for
8 awhile. As a matter of fact, to get back, and I know
9 Eric Bugaile will remember this, when I was the President
10 of PHIA before I was Secretary, testifying to then Chairman
11 Geist and Chairman Markosek, they were asked about risks to
12 PennDOT beyond their funding situation, and I was
13 testifying to the fact that the increased growth in the
14 Motor License Fund usage for State Police was a big risk.
15 That, and what's the Federal Government going to do? Well,
16 the Federal Government has been level forever, so they're
17 not stepping up and solving the problem. They're at least
18 not hurting us, but they're not solving us.

19 So the pressure is on the States, and I think the
20 question here is, as you all know, we can only spend a
21 dollar once, and if we choose to spend it on State Police
22 -- the Secretary has laid it out for you -- if you choose
23 to do that, you won't have the projects.

24 And frankly, for all of you, and I'm looking
25 around the room; a lot of familiar faces that we had a lot

1 of dialogue about Act 89. And when I met with each of you
2 about your districts and those who were interested in
3 transportation -- and I met with every elected official
4 one on one who was interested in Act 89 -- not a single one
5 of you said to me, we need to pass Act 89 so that we can
6 fund the Pennsylvania State Police.

7 You talked about problems and projects that were
8 needed in your districts, and now the Secretary is faced
9 with a situation where, looking forward, if the Budget
10 Office tells her that based on that 6 percent growth or
11 4 percent or whatever you assume that here's the revenues
12 you're getting and here's how they're going to be used,
13 she's going to have less dollars to program. And this
14 whole \$6 billion gap or whatever number you want to throw
15 around it, that's it. It's what you decide going forward
16 you're going to do.

17 And I think it's important for all of you who
18 voted for Act 89 and were a part of that dialogue to know
19 that each year as you pass a budget, if you choose to use
20 more of those funds for State Police, you are eroding what
21 you thought you got with Act 89, and the public needs to
22 know that as well.

23 When I was Secretary, we presented a Decade of
24 Investment, which were the projects that were important to
25 you and that were fundable with the resources created by

1 Act 89. However, each year, if these decisions are made as
2 part of the General Fund budgeting process -- and you're
3 going to start that wonderful process, which I am pleased
4 to no longer be a part of, tomorrow; tomorrow you start
5 that again -- you'll have a budget that will show a figure
6 that, if from what I heard from Secretary Richards'
7 testimony, is higher than last year's figure. That means
8 less projects and probably another penny on top of the
9 already 10 cents that everybody, when you fill your tank,
10 about 10 cents or so is being used to fund State Police.
11 I'm not sure the public knows that. And every year, if
12 another 70, 80 million comes out, that's another penny
13 that's going to a different use than what we talked about
14 when all of us had the dialogue of Act 89.

15 So if you want to know about what we did in my
16 Administration, when we got Act 89 passed, we programmed
17 projects for that money and we did not assume that it was
18 going to go to State Police, because none of you, none of
19 you, not a single one of you, said to me, that's why I want
20 to do this bill.

21 So now what you're seeing is the contrast of a
22 budget forecast that says, it is getting used for State
23 Police; therefore, here is less projects. It's that direct
24 of a correlation.

25 And that's the only place, as the Secretary said,

1 the only place it can come from of that \$2.4 billion you
2 all voted for. It's not going to come out of the public
3 transportation, 500 million. It's not going to come out of
4 a local government. It's not going to come out of the
5 multi-Motor Fund. It's not going to come out of the
6 Turnpike's dedicated funds for the completion of the
7 legislative pieces of the Mon/Fayette and Southern Beltway.
8 It's going to come out of PennDOT's project budget. That's
9 the only place left.

10 So in the essence of time, I know you're running
11 a little late, so I'll just stop there and say, it's good
12 to see you all again. I'm sorry we're talking about the
13 exact same subject already, but it's the reality of, you
14 can't spend the same dollar twice. If the choice is made
15 to spend it on this, it doesn't exist for the projects.

16 And I think that's unfortunate, because there was
17 a lot of courage shown by Governor Corbett and all of you
18 to lead on something that's a difficult -- obviously not an
19 easy thing to do, because we haven't done it for a long
20 time.

21 And these bills don't come up very often. It
22 takes a lot of dialogue, a lot of discussion, a lot of
23 debate, a lot of heartfelt thought, a lot of heartfelt
24 one-on-one conversations to get something like this to the
25 table. And now you've passed it, and I would certainly

1 hate to think that it's going to get eroded by a different
2 set of decisions going forward.

3 So good to see you all again, and if I can answer
4 any questions, I'd be happy to do so.

5 MAJORITY CHAIRMAN TAYLOR: Well, Barry, because
6 of your role in Act 89, maybe we can have an advisory panel
7 on the overall budget. You can maybe not have voting
8 power, but you can make suggestions to the folks around
9 here about how to get something done.

10 So Jamie and Jason, I don't know if you both are
11 going to testify; you're from the same organization, but I
12 have the President here---

13 MR. SCHOCH: Mr. Chairman, if I could, I have one
14 quick comment. One quick thing.

15 MAJORITY CHAIRMAN TAYLOR: Yes, sir?

16 MR. SCHOCH: Representative Barbin, I mentioned
17 the Secretary. We did engage Michael Baker, the Turnpike's
18 GCE, on that topic of the Turnpike being used as a pipeline
19 corridor.

20 There are issues with it relative to combustion,
21 relative to where it's located within the right-of-way,
22 relative to some Federal laws that exist, because the
23 Turnpike is a Federal interstate, even though it's funded
24 primarily with Turnpike tolls. I don't know the status of
25 that. And I mentioned the Secretary; that if you're

1 interested in that, I'm certain that the Commission could
2 have their consultant sort of give you a status of where
3 they are.

4 It is an idea that has been around awhile, and we
5 did start to engage with the consulting engineering firm to
6 look at the possibility of, is it feasible? Is it feasible
7 for the entire length of it? For just portions of it? And
8 does it meet the demand needs and the needs of the
9 suppliers themselves relative to where they want the
10 pipelines to go?

11 So there is some work that has been done on that.
12 I don't know the status of it, but I will offer, in terms
13 of your prior question, that perhaps there is some updated
14 information that would be available from the Commission.

15 MAJORITY CHAIRMAN TAYLOR: Chairman Keller.

16 MINORITY CHAIRMAN W. KELLER: Yes. Thank you,
17 Mr. Chairman.

18 Barry, I'm on the pipeline task force. Again, I
19 tried a hundred times to bring that idea up. There's not
20 anyone I could find who thinks that's a good idea or that
21 it's feasible to get done.

22 MR. SCHOCH: There are a lot of challenges. So
23 you're talking about building a combustible pipeline
24 adjacent to a travel corridor.

25 Obviously, you know, there are some safety

1 concerns. There are also issues with what the Turnpike
2 owns relative to right-of-way and how that right-of-way is
3 used; what the adjacent property owners feel about that.
4 The pipeline companies themselves will tell you, it isn't
5 easy to put a pipeline through the Commonwealth with the
6 adjacent property-owner concerns.

7 But I just offer that, you know, we did engage
8 the Michael Baker to take a look at it to see where, if any
9 feasibility, because we knew the question existed. So I'm
10 not certain where the status of that is, but I'm certain
11 they could provide it to this committee so that you at
12 least know it was examined, and if it is something that
13 needs to be dismissed, well, you know, the question has
14 been asked and here are the reasons why it is not
15 feasible.

16 MINORITY CHAIRMAN W. KELLER: Okay.

17 MR. SCHOCH: But there was some work done on it.

18 MAJORITY CHAIRMAN TAYLOR: Thanks, Jamie.

19 Just start off, Jamie, introducing yourself for
20 our record, and we'll move forward.

21 MR. VAN BUREN: Sure.

22 For those of you who do not know, my name is
23 Jamie Van Buren. I wear two hats here today. I'm
24 President of PennStress, which supplies the transportation
25 construction industry with high performance pre-stressed,

1 pre-cast concrete into the transportation sector -- bridge
2 beams, bridges, stadiums, parking garages.

3 And recently I was honored to be chosen as
4 President of PHIA, the Pennsylvania Highway Information
5 Association, which has provided information and education
6 about highway issues to the State since 1960.

7 As I am sure Committee Members are aware, the
8 Motor License Fund was created to receive from the State
9 taxes of liquid fuels, license and registration fees, and
10 some fines. By authority of the Pennsylvania Constitution,
11 that revenue is required to be used for highway purposes,
12 including highway safety, which the State Police earlier
13 articulated.

14 They provide law enforcement services, which
15 include major case teams, patrol services, forensic
16 services, collision analysis, reconstruction, vehicle fraud
17 investigations, the Pennsylvania Crime Intelligence Center,
18 Amber Alert activities, liquor control enforcements,
19 polygraphs, Fire Marshal, K-9 units, aviation patrol, drug
20 recognition services, the Special Emergency Response Team,
21 the Clandestine Lab Response Team, hazardous devices and
22 explosives, and the computer crime unit.

23 The industry does not take issue with using the
24 Motor License Fund to pay for the highway patrol-operations
25 piece of those services, which exist specifically for

1 highway safety. However, the current State budget will
2 divert \$755 million from the Motor License Fund to a total
3 police budget of just under 1.2 billion.

4 As proposed, that would be 65 percent of the
5 State Police budget. We do not believe that 65 percent of
6 the State Police resources are actually devoted to what we
7 would consider to be patrolling the highways for highway
8 and bridge safety. We don't know what that actual
9 proportion might be.

10 The diverted amount has increased by an average
11 of 8.8 percent since 2002. At that rate, it will grow to
12 nearly \$1 billion over the next 5 years. I believe the
13 Secretary of Transportation earlier articulated all of
14 those numbers with her graphs very well.

15 How does this impact the Commonwealth? Two years
16 ago with the passage of Act 89, the transportation funding
17 bill will eventually raise the \$2.3 billion to repair our
18 transportation system and stem the tide of decades of
19 deterioration. Act 89 was promoted to the public with the
20 promise of a Decade of Investment that would bring the
21 State's transportation system up towards acceptable
22 standards.

23 However, PennDOT and the local governments are
24 already seeing reductions in the resources they had
25 expected. The \$755 million represents about 12 cents a

1 gallon to the price of a gallon of gas, or one-fifth of the
2 approximately 55 cents levied on a gallon of gas.

3 Continued growth in that amount of revenue diverted from
4 the Motor License Fund will bring us back to asking the
5 public for more transportation resources sooner rather than
6 later.

7 And I think this is a very important point: not
8 because we didn't raise enough to actually fund what is the
9 intent of the Decade of Investment, but because the money
10 didn't go where the public had expected it to go. And that
11 will be a very difficult discussion to have with the
12 public, for all of us that were involved in Act 89, in
13 putting it together, for the many years that we spent doing
14 that.

15 There is another factor that worsens the
16 situation that was also discussed today. There are 2,561
17 municipalities. Twelve hundred and seventy-four, barely
18 under half, receive no police coverage other than the State
19 Police. As local government resources become more scarce,
20 many municipalities are considering dismantling their local
21 police or withdrawing from regional police coverage to rely
22 more heavily on the State Police in order to save money.

23 Some actual news accounts have quoted local
24 elected officials as describing State Police as "free." Of
25 course, we all recognize there is nothing "free," so who

1 exactly pays for "free" State police coverage? If you own
2 or drive a car or a truck or have a driver's license, you
3 do through the Motor License Fund.

4 Moreover, if you live in a community that has its
5 own police force or participates in a regional police
6 force, you're actually paying twice. That only do you pay
7 for the local police coverage, you're subsidizing the
8 "free" State Police coverage in half the municipalities
9 across Pennsylvania that do not have their own police
10 forces. I believe that most of our Committee Members --
11 excuse me. I believe that most or all the Committee
12 Members, as well as your other House colleagues, would see
13 that as unfair.

14 How does the public feel about diverting
15 resources from the Motor License Fund for
16 non-transportation use? Last spring, a year and a half
17 after the passage of Act 89, we asked the following
18 question in a public opinion poll:

19 "In 2013, Pennsylvania increased gasoline taxes
20 and license and registration fees to pay for transportation
21 improvements. Would you favor or oppose using some of this
22 money to fund other non-transportation items in the state
23 budget?"

24 Not surprisingly, 80 percent opposed diverting
25 money, with 61 percent of them strongly opposing.

1 I want to be very clear on the following point:
2 This is not about whether we believe the State Police
3 operations need to be funded. Of course, they must be
4 funded. And this is not about whether the proposed level
5 of State Police funding is appropriate. We presume that it
6 is, and in any event, that is up to the General Assembly
7 and the Administration to determine. This is about how
8 much Motor License Fund revenue should support State Police
9 activities given the State Constitution.

10 Recently, the Keystone Transportation Funding
11 Coalition passed a resolution calling for the Legislative
12 Budget and Finance Committee to conduct a study on this
13 issue to determine the appropriate and justifiable level of
14 support for the State Police from the Motor License Fund.
15 The industry supports that request.

16 We ask also that there be no more increase in
17 money diverted from the Motor License Fund to support
18 State Police until we have determined the appropriate and
19 justifiable level and that the funding be maintained at
20 that justifiable level in the spirit of the State
21 Constitution and consistent with the intent of Act 89.

22 Thank you, and I'd be happy to answer any
23 questions that anyone would have.

24 MAJORITY CHAIRMAN TAYLOR: Thank you, Jamie.

25 And as Chairman Keller pointed out, if you heard,

1 I don't know if you were in the room when there was the
2 discussion about the discrepancy in different projections
3 of growth.

4 MR. VAN BUREN: Yeah.

5 MAJORITY CHAIRMAN TAYLOR: And yours is at
6 8 percent. If you can just provide whatever basis you have
7 for that so that we could---

8 MR. VAN BUREN: Absolutely. Yeah.

9 MAJORITY CHAIRMAN TAYLOR: ---sort of take a look
10 at all these different---

11 MR. VAN BUREN: I believe you guys have a chart?

12 MAJORITY CHAIRMAN TAYLOR: Yes.

13 MR. VAN BUREN: And ours is essentially, it's
14 just, point A, 2002 funding, point B is 2014 or '15, the
15 projected, and it's just a straight-line average. So it's
16 the differential divided by the years to get to 8.8.

17 So it's historically 15 years. If you used a
18 10-year period or some other year period, you're probably
19 going to wind up with a different number.

20 MINORITY CHAIRMAN W. KELLER: I know there are
21 lies, damn lies, and statistics, but today we have heard
22 4 percent, 6 percent, and now 8.8 percent.

23 MR. VAN BUREN: Yep.

24 MINORITY CHAIRMAN W. KELLER: So I think if you
25 could provide the Chairman with the data---

1 MR. VAN BUREN: Yep.

2 MINORITY CHAIRMAN W. KELLER: ---so we could get
3 to find out what the real number is.

4 MR. VAN BUREN: Sure.

5 MINORITY CHAIRMAN W. KELLER: We would appreciate
6 that. Thank you.

7 MR. VAN BUREN: No problem.

8 MAJORITY CHAIRMAN TAYLOR: Robert, you're next.

9 MR. LATHAM: Thanks, Mr. Chairman.

10 Bob Latham. I'm Executive Vice President of the
11 Associated Pennsylvania Constructors, a trade association
12 of some 400 road and bridge construction companies
13 throughout the Commonwealth.

14 I'm going to be very brief. You've heard a lot
15 about the history and a lot about the issue. I'm going to
16 talk about the process going forward and recommend it.

17 We talked a lot about Act 89 today, and I just
18 want to remind everybody of the successful process that we
19 used in order to get there.

20 First of all, the Transportation Advisory
21 Commission did a study of the actual needs gap for
22 transportation funding. We used that as a basis of looking
23 for a tangible legislative solution to that issue.

24 The Transportation Funding Advisory Commission
25 was formed by Governor Corbett. That body met and

1 deliberated for some 9 months, I believe, and came up with
2 sort of the framework that eventually became Act 89.

3 What I would like to recommend today is that we
4 take sort of the same game plan, if you will, in the
5 Super Bowl lexicon of the day. I feel like Phil Simms: We
6 talked about it a lot.

7 But in any event, going forward, let's enact your
8 resolution that was cosponsored by many of the Members here
9 today, Resolution 622, which I think calls for the
10 Legislative Budget and Finance Committee to establish the
11 actual and appropriate number. That will give us a basis
12 as to what the delta is between the proper amount that
13 should go to the State Police from the Motor License Fund,
14 and then we'll have that number. Then let's look at
15 putting a group together that can come up with some
16 solutions.

17 I mean, right now, as somebody stated earlier
18 today, it's a budgetary issue. You can take it out of the
19 Motor License Fund, you can take it out of the General
20 Fund, or you can raise a tax. I mean, that's basically
21 where we are right now, so. And, you know, that's the same
22 sort of conundrum we were when we went into Act 89, but the
23 group worked together; the General Assembly worked together
24 in a bipartisan manner and came up with a solution. I
25 think we can do that, too.

1 So I would like to endorse time going back. I'm
2 looking at that same process going forward, starting with
3 enacting your resolution, Mr. Chairman.

4 Thank you.

5 MAJORITY CHAIRMAN TAYLOR: Thanks. I think we
6 were 77 minutes in before the word "tax" was brought up, so
7 that was pretty good.

8 And I thank you all for kind of hanging in here.
9 We're moving along pretty good.

10 So Eric Madden. Eric, how are you?

11 MR. MADDEN: I'm doing quite well.

12 Good afternoon. Thank you, Mr. Chairman, Members
13 of the Committee.

14 I have written some testimony, which I will
15 submit for the record, but I will just be very brief.

16 I'm Eric Madden, the Executive Vice President for
17 the American Council of Engineering Companies. We are a
18 statewide advocacy group for the engineering firms in
19 Pennsylvania. Our firms actually employ just over 10,000
20 engineers and over a thousand construction inspectors.

21 We actually played a very active role in the
22 Keystone Transportation Funding Coalition that actually
23 brought about Act 89. So again, if we have not said this
24 enough, thank you for your support. Thank you for your
25 vote.

1 It was, quite honestly, Act 89 is a game changer.
2 But it's amazing that the gentleman to my left here, former
3 Secretary Schoch, he said there are two things that will be
4 very detrimental to Act 89's success. One of those: the
5 Federal Government. If they had not done their job and
6 actually enacted a full surface transportation
7 reauthorization, that would be very detrimental to Act 89.
8 December of 2015, they did that. We have a 5-year bill
9 which provides us with stable funding for 5 years.

10 The second issue was any diversion from the Motor
11 License Fund, and that brings us to the issue which is
12 germane to us today, which is the State Police.

13 Mr. Chairman, I'm glad you had your opening.
14 This is nothing against State Police. What they do is
15 absolutely incredible. How they go about doing it and
16 putting themselves in harm's way every day, I do not want
17 that job. And I will be the first to tell you, they
18 probably are not -- they do not have the resources, enough
19 resources, for what they have to do. It's quite amazing.

20 However, they have a constitutional
21 responsibility, as do we, the Department of Transportation,
22 because we find ourselves as an extension of that, and
23 we're all shareholders in the Department of Transportation.
24 They have a duty of providing a safe and secure
25 infrastructure system, not only for the traveling public

1 but for our general commerce.

2 State Police has the exact same mission: safety,
3 security, for the individuals in this Commonwealth, our
4 visitors, and the traveling public and our commerce, motor
5 carrier enforcement. These are two jobs that nobody else
6 is going to do. These are basic functions of government.
7 Nobody else is going to do this. The government has to do
8 it, and we follow and we accept that responsibility quite
9 well. The problem is, we're competing for the same dollar.

10 When you look at the funding for State Police,
11 when that first came into fruition -- I believe it was in
12 the 1990s when there was a shift to fund portions of the
13 State Police out of the Motor License Fund -- it made
14 sense, complete sense. I think the number was roughly just
15 shy of \$200 million.

16 Fast-forward today, we find ourselves at
17 \$755 million. Nothing against that; however, do we find
18 our infrastructure, has that infrastructure and what they
19 patrol today, has that doubled, tripled, or quadrupled in
20 size?

21 We understand that the needs of State Police are
22 great, but the needs of protecting our infrastructure and
23 maintaining our infrastructure are great as well.

24 So again, we wholeheartedly support State Police.
25 Now is a great time with Act 89, the 5-year ramp-up -- we

1 are actually in year three of the 5-year ramp-up of the
2 full flower of Act 89 -- now's a great time to take a pause
3 and take a step back and find out where we find ourselves.

4 And again, I wholeheartedly support your effort
5 for taking the resolution and taking that pause, find out
6 where we should be in terms of funding for State Police,
7 and where do we go from here?

8 We also echo and actually support the map that
9 was found in Act 89 when you brought together a kitchen
10 cabinet, if you will, of stakeholders together to find
11 solutions to how to fill that delta, fill the gap.

12 State Police needs to be funded. We will be -- I
13 can speak for my association -- we will be there. We would
14 be more than happy to be a part of any conversation. We'll
15 be more than happy to be a part of any task force, any
16 working group, to sit there to actually find some solutions
17 and bring them to you. We are a part of the problem and we
18 will be part of the solution, and you shouldn't be going
19 through this alone.

20 So I will actually end there, and I'll entertain
21 any questions that you may have.

22 MAJORITY CHAIRMAN TAYLOR: Thank you, Eric.

23 And since we're actually legislatively mandated
24 to be upstairs in a few minutes, if you all could hang in
25 here for a few minutes.

1 Is Ted here? I know I saw Ted in the back. Ted,
2 I'm going to ask Chairman Saylor to flip a chair around for
3 you right there and the microphone and you can join in.

4 MR. LEONARD: Okay.

5 I had submitted written testimony, so in the
6 interests of not standing between the Members and
7 lunch---

8 MAJORITY CHAIRMAN TAYLOR: Well, it's not lunch;
9 it's---

10 MR. LEONARD: Being on the floor. I understand.

11 I don't think I could describe the problem any
12 more than Barry has. I think he has done an excellent job
13 of outlining the issue. But either you have funds for
14 maintenance or the State Police. And as the previous
15 esteemed panel has already mentioned, we are also strong
16 supporters of what the State Police do in their day-to-day
17 functions and in the line of duty and so forth.

18 We were members of the TFAC, and as Eric
19 mentioned, if you were to put together a task force to
20 study this issue further, we would be pleased to take part
21 in that as well.

22 We strongly support the resolution for the LB&F
23 to study the issue and see what the proper level of funding
24 and what level of funding should come out of the Motor
25 License Fund.

1 And with that, I would be happy to answer any
2 questions.

3 MAJORITY CHAIRMAN TAYLOR: Thanks.

4 And just to again reiterate to the listening
5 public here and to everybody here is that the hearing today
6 is based on the resolution, which we will be entertaining
7 later this week. It's Resolution 622. It is put forth by
8 Chairman Keller and myself. And it really asks the
9 Legislative Budget and Finance Committee to do the best
10 they can to answer a very tough question, and that question
11 is, what percentage of the State Police's function is
12 dealing with our highways under the word "safety," which is
13 in the State Constitution?

14 That is not at all an answer that we can then
15 immediately act on. Depending what that number is, we will
16 combine that with what some of the Secretary's suggestions
17 are in terms of capping the fund and then the difficult
18 question of what to do with that gap and what to do with
19 funding the State Police as we move forward.

20 With that, I'll ask any Members if they have
21 questions of our panel?

22 They were very cooperative today, our Members,
23 Mr. Chairman---

24 MINORITY CHAIRMAN W. KELLER: Yes, they were.

25 MAJORITY CHAIRMAN TAYLOR: ---in terms of taking

1 a very tough topic with very important witnesses and taking
2 this -- I'm sorry. We still have a few minutes,
3 Marguerite, so we're good.

4 REPRESENTATIVE QUINN: Okay. So I'll just talk
5 slowly.

6 MAJORITY CHAIRMAN TAYLOR: Representative Quinn.

7 REPRESENTATIVE QUINN: Yeah; thanks.

8 Thank you, Mr. Chairman, and thanks to all of you
9 for being here.

10 I'm going back to something that Secretary
11 Richards said, and she said in her testimony that there was
12 a \$500 million cap assumed when Act 89 passed. I don't
13 recall discussions back then about that assumption and how
14 we were going to back-fill it then.

15 MR. SCHOCH: I think she was referring to the
16 TFAC report rather than Act 89.

17 REPRESENTATIVE QUINN: Okay.

18 MR. SCHOCH: TFAC examined a lot of different
19 scenarios. One was a cap at 500 million, and then saying
20 if you did that, what would that free up going forward?
21 Another was eliminating it altogether; meaning, take that
22 500 million and solve it with a General Fund solution,
23 which frees up 500 million for the Motor License Fund.

24 So you'd have to check with her to confirm that,
25 but I believe she was referring to TFAC, not Act 89. We

1 did not discuss, to my knowledge, any type of a cap with
2 Act 89.

3 REPRESENTATIVE QUINN: Okay. And just when I'm
4 going back on my recollection here, wasn't part of Act 89
5 stamped a separate part, putting a cap on maintenance for
6 prevailing wage?

7 MR. SCHOCH: It changed the cap to which
8 prevailing wage applied. It had never been changed since
9 it was initiated back in the sixties at 25 million. We
10 raised it to \$100 million.

11 REPRESENTATIVE QUINN: So would I see then the
12 maintenance line being---

13 MR. SCHOCH: Well, that's a different issue.
14 That's her maintenance costs.

15 REPRESENTATIVE QUINN: Okay.

16 MR. SCHOCH: And what they need to put into
17 maintenance to take care of the system. The definition of
18 a "project" by which prevailing wage would apply, that
19 changed.

20 REPRESENTATIVE QUINN: I was just wondering if
21 that changed---

22 MR. SCHOCH: Yeah. Now, that's a different,
23 that's a whole different---

24 REPRESENTATIVE QUINN: ---and kicked in any more
25 money here.

1 MR. SCHOCH: That is a graph basically portraying
2 the department's maintenance costs to take care of the
3 system -- winter maintenance; cracked ceiling; their paving
4 -- the type of work they do under maintenance.

5 REPRESENTATIVE QUINN: Gotcha.

6 MR. SCHOCH: The prevailing wage issue was
7 separate. That is for when they contract out and the
8 threshold by which prevailing wage applies.

9 REPRESENTATIVE QUINN: Okay. Thanks.

10 I could take this with you offline and get you to
11 session on time.

12 MAJORITY CHAIRMAN TAYLOR: Yes.

13 And just, I think Barry said 100 million. You
14 mean 100,000 rather?

15 MR. SCHOCH: 100,000. Sorry; yeah. Sorry; we
16 get into millions. 25,000 to 100,000.

17 MAJORITY CHAIRMAN TAYLOR: So we don't get all
18 the emails.

19 MR. SCHOCH: Yeah. What's a few zeros amongst
20 friends here?

21 That was a contentious one enough -- right, Mike?
22 -- without bringing it back to that. 25,000 to 100,000.

23 MAJORITY CHAIRMAN TAYLOR: Well, many of you have
24 offered to stay involved in this process. We appreciate
25 that. Whether it's a formal advisory group or much less

1 formal, I think we're going to try to move very quickly
2 during these next few months to come up with a proposed
3 solution that we can talk about.

4 So with that, Mr. Chairman?

5 MINORITY CHAIRMAN W. KELLER: Thank you,
6 Mr. Chairman.

7 This is an important issue, and I'm glad you're
8 going to stay on top of it.

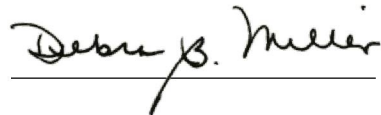
9 MAJORITY CHAIRMAN TAYLOR: And we have 3 minutes
10 to go before 1 o'clock. Very good.

11 All right. Thank you to everybody. This meeting
12 is adjourned.

13

14 (At 12:57 p.m., the hearing concluded.)

1 I hereby certify that the foregoing proceedings
2 are a true and accurate transcription produced from audio
3 on the said proceedings and that this is a correct
4 transcript of the same.

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7 

8 *Debra B. Miller*

9 *Transcriptionist*

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