

PennDOT House Appropriations Statement

Chairman Harris, Chairman Grove, and members of the Appropriations Committee, thank you for the opportunity to review the Pennsylvania Department of Transportation’s (PennDOT) efforts to maintain and improve our state’s transportation system.

Transportation is the backbone of our economy and central to our quality of life. Pennsylvania’s transportation system – as well as PennDOT’s responsibility – is vast. Pennsylvania has the fifth-largest state-maintained road system and the third-largest state-maintained bridge system in the nation. Public transportation exists in some form in all 67 of Pennsylvania’s counties, and more railroads operate in Pennsylvania than in any other state in the country. We are committed to keeping people and goods moving safely and reliably through Pennsylvania.

INFRASTRUCTURE INVESTMENT AND JOBS ACT (IIJA)

The passage of the Infrastructure Investment and Jobs Act (IIJA) – or Bipartisan Infrastructure Law (BIL) – is the largest federal infrastructure investment in decades, and PennDOT is grateful for this meaningful, historic action. The passage of this bill has elevated the conversation around infrastructure investment and has provided Pennsylvania with the opportunity to invest billions of dollars to modernize our roads, bridges, ports, and rail, while creating sustainable, good-paying jobs that will be transformative to our transportation system and our local economy.

Over five years, the IIJA will bring at least \$4 billion in new federal highway and bridge funds to Pennsylvania. This includes \$1.77 billion in a new funding stream specifically for bridges. There is no question that these funds have already made a significant impact in critical projects all over Pennsylvania. These new highway and bridge funds are reflected in the following chart.

FFY	Increase Based on Formula	Special Bridge Program	Est. Total Increase	Federal Fund Totals (Existing + New)
2022	\$377.5 million	\$353.4 million	\$730.9 million	\$2.5 billion
2023	\$421 million	\$353.4 million	\$774.4 million	\$2.5 billion
2024	\$465.3 million	\$353.4 million	\$818.7 million	\$2.6 billion
2025	\$510.5 million	\$353.4 million	\$863.9 million	\$2.6 billion
2026	\$556.7 million	\$353.4 million	\$910.1 million	\$ 2.7 billion
Est. 5-yr total	\$2.3 billion	\$1.767 billion	\$4.1 billion	~\$13 billion

***Totals do not include approximately \$50 million per year for National Electric Vehicle Infrastructure and Appalachian Development Highway System.**

We must have stable and sufficient state funding to leverage these federal dollars. Federal funding is reimbursed, so we must first spend state dollars to get the federal ones, and federally

funded projects usually require a 20-percent state match. With current revenue projections, we expect we would need approximately \$442 million in additional state funds over five years to match this funding.

The Governor’s budget proposes an accelerated draw down of Motor License Funds to the PA State Police – which is \$500 million this fiscal year – at \$400 million in FY 23-24, followed by reductions of \$100 million each fiscal year until it reaches \$0 in FY 27-28. This would total an additional \$1.5 billion for transportation over five years. These funds will be critical in helping Pennsylvania meet the match requirements of the new IJA funds and will allow us take full advantage of this critical federal investment without taking funds from projects currently planned.

National Electric Vehicle Infrastructure (NEVI) Program

The BIL also includes funds to help states promote increasing adoption of electric vehicles (EVs). Pennsylvania will receive \$171.5 million in formula funding over a five-year period for building out Alternative Fuel Corridors (AFCs) throughout the state and helping to support a new generation of charging infrastructure for electric vehicles. PennDOT has established a grant program to distribute these funds and released its Round 1 Notice of Funding Opportunity (NOFO) for the NEVI program in March. PennDOT will award these funds on a competitive basis to plan, design, construct, operate and maintain EV charging infrastructure. The Department will be accepting NEVI grant applications until May 5, 2023.

The initial focus of this funding is for states to strategically deploy Direct Current Fast Charging (DCFC) stations along its designated Alternative Fuel Corridors (AFCs), to help build out the national EV AFC network. Once a state’s AFC network is “fully built out” according to Federal Highway Administration (FHWA) criteria — NEVI-compliant DCFC stations that are both: a) no more than 50 miles apart along each AFC; and b) no more than 1 mile from the nearest AFC interchange — then that state may use NEVI Formula Program funds for EV charging infrastructure on any public road or other publicly accessible location. Our goal is to be among the first states in the nation to complete our AFC build-out, so that we can then proceed to the important and impactful work of building more local charging stations. This program will help more Pennsylvanians feel ready to purchase an EV in the years ahead.

IJA Discretionary Grant Opportunities

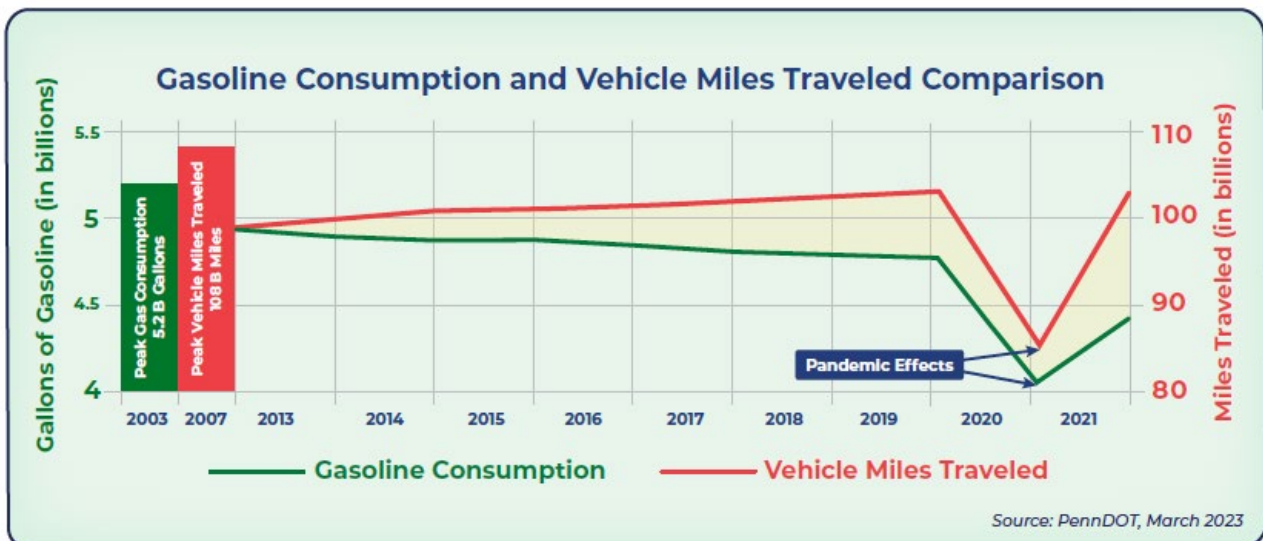
The IJA also includes many discretionary grant opportunities. Pennsylvania can compete for billions of dollars in funding across a wide range of grant programs, including bridge infrastructure, safety programs for all modes of transportation, funds to support reconnecting communities as well as new and emerging technologies. PennDOT has created comprehensive resources on our website at www.penndot.pa.gov/IJA, including a guide for developing grant proposals as well as Grant Alerts, which provide basic background information about the grant including eligibility and application due dates, project timeframes and PennDOT’s areas of emphasis and support. PennDOT seeks to lead, partner, and provide support to projects that make the Commonwealth’s transportation network safer and more efficient.

These critical federal investments will help us prepare for the future, connect Pennsylvanians to opportunity and each other, and move the Commonwealth forward.

OVERALL SYSTEM STATUS, NEEDS

In 2022, 497 construction contracts for highway, bridge, and other improvement projects were completed statewide through PennDOT's private-sector partners. Additionally, 533 bridges were let to be repaired, replaced, or preserved by PennDOT or industry forces through December 2022. Importantly, 6,414 miles of roadway were improved by Department or partner crews through December 2022. This includes 2,319 miles of paving. You can track this progress at www.penndot.pa.gov/results.

We have made real progress in improving Pennsylvania's transportation network under some challenging circumstances. Record inflation, which has affected every corner of the economy, has not spared PennDOT, and we have seen bids come in over 20% higher than anticipated in some cases. Reduced gas tax revenues due to the COVID-19 pandemic as well as increased fuel efficiency and electrification have only highlighted how dependent PennDOT is on this revenue source – to a much higher degree than other states. Our neighbor to the north, New York, only relied on gas tax for 18% of its transportation funding, while gas tax revenues fund 78% of PennDOT's roadway and bridge budget.



Reducing and eventually eliminating transfers to the PA State Police, as proposed in Governor Shapiro's budget, will help ensure that these much-needed dollars will be used to support our large and aging roadway and bridge network. As an additional note, the locally-owned roadway and bridge network is also reliant on gas tax revenues, as PennDOT's annual liquid fuels distribution (over \$470 million this year) helps local governments pay for important day-to-day expenses, like snow removal and road repaving.

Bridges

Pennsylvania is home to a large network of state and locally maintained bridges. The average age of the 25,400 bridges in PennDOT's purview is 55 years—in many cases, nearing or exceeding their 60-year design life span. Around 250 of the state-maintained bridges move into the "poor-condition" category each year due to their age and deterioration. With a system of aging bridges, we expect this category to increase. PennDOT must maintain and improve more than that

number each year because weight restricting or closing bridges severely impacts commerce, emergency services, and quality of life.

PennDOT has made considerable progress, as the number of state-owned bridges in poor condition has decreased from a high of 6,034 in 2008 to less than 2,400 today.

Since the Commonwealth has a large aging bridge population, we cannot rest on this progress. In fact, PennDOT anticipates this number rising as bridges previously maintained and preserved cycle back to needing full replacements or more extensive repairs. There are 1,663 bridges on the local system that are in poor condition, so the need extends beyond the state system.

The needs of Pennsylvania's bridge network have been thrown into sharp focus since the collapse of the Fern Hollow Bridge in Pittsburgh last year. While the City of Pittsburgh owns this bridge, PennDOT was actively involved in the immediate response to the collapse, and were engaged with the City, federal partners, and other stakeholders throughout the replacement process and remain so as the National Transportation Safety Board (NTSB) investigation into the cause of the collapse continues. Due to the emergency nature of the situation, PennDOT and the City entered into a reimbursement grant agreement that allowed PennDOT to execute an emergency contract with Swank Construction and HDR Inc. to design and construct a new structure at the site of the Fern Hollow Bridge. The new bridge opened to traffic in December 2022. Thanks to IIJA, up to \$25.3 million in federal National Highway Performance Program (NHPP) funds were made available for this project. The federal funds for this project are a direct result of the funds made available in Federal Fiscal Year (FFY) 2022 from the IIJA and did not impact any regionally funded projects.

The IIJA did include a new funding stream specifically for bridges, which will bring \$1.77 billion to Pennsylvania. This breaks down to \$353 million annually, \$53 million of which will go to off-system bridges and \$300 million will be available for the replacement, rehabilitation, preservation, protection, resurfacing and construction of new highway bridges that are listed in the National Bridge Inventory (*i.e.*, greater than 20 feet in length/span length). Consistent with our planning process, these funds will flow through the 23 Metropolitan Planning Organizations/Regional Planning Organizations as all available federal highway and bridge funds have in the past. The list of projects benefiting from these new funds will be developed as part of the regional 2023 12-Year Program update.

Roadways

With PennDOT directly responsible for approximately 40,000 roadway miles and 25,400 bridges in Pennsylvania, maintaining our transportation network takes strong partnership among the Department, federal and local governments, planning partners, the construction industry and Pennsylvania communities.

These new programs, federal requirements, and subsequent funding-distribution changes have brought much attention to our interstate system. Many of the interstates in Pennsylvania were designed in the 1950s and constructed in the 1960s, and many major bridges on the interstate network are nearing the end of their useful life. These bridge assets on the interstate system serve as the economic backbone to communities, local businesses, and interstate commerce. Though

rehabilitation or replacement is costly, maintenance and preservation costs only increase over time. Since this network carries 26 percent of the total vehicle miles traveled in the state, it is imperative to keep these assets in a state of good repair.

Beginning in 2021, PennDOT adjusted its funding formulas to provide increased investment in Pennsylvania's interstate network. However, increasing focus on the 1,300-mile interstate network has impacted available resources for non-interstate roadways. Twenty-six percent of the PennDOT-maintained roads that are not on the interstates or the rest of the National Highway System (NHS) are rated as "Poor" with the International Roughness Index (IRI). On non-NHS roadways with an average daily traffic volume of fewer than 2,000 vehicles, 33 percent of the miles are in "Poor" condition on the same scale. These lower-traffic roadways make up a large part of Pennsylvania's system. In addition to a rougher ride, poor IRI may indicate insufficient pavement structure and the need to repair the pavement base.

While we certainly have significant needs across our roadway network, PennDOT is proud of the many improvements that it has completed or that are currently underway, like the Ball's Bend safety improvement project on Route 228 in Butler County, which includes a bridge replacement and the construction of additional travel lanes. Or the I-90 reconstruction project in Erie County, which, when complete, will reconstruct or restore 28 miles of Interstate 90. We understand that every road project, big or small, can improve the lives of the surrounding community.

Multimodal

Public transportation is available in some form in every county in Pennsylvania and these services are critical in communities across the Commonwealth. On average, 63 percent of the people who use these services say that they have no alternate means of transportation (based on responses in past transit-agency performance surveys). In 2022, there were 195.7 million fixed-route bus trips, including 20.6 million fixed-route trips for seniors.

While transit provides millions of dollars in positive economic impact each year, providers have lost significant ridership as people work from home and change their travel patterns. Yet good service is critical to serve those with no other options and transit systems across the state are studying what service should and could look like in the future. Future service may look very different as major urban areas strive to preserve equity in their service by continuing to serve transit-dependent populations in efficient and reliable ways. The need for service along commuter corridors has changed as people spend more hours working from home. Additionally, providers have significant facility and equipment needs, not to mention the desire to provide more services to support Pennsylvanians who want more mobility options. Long-term, sustained investment is critical for our communities to thrive and for residents to be supported.

Act 44 of 2007 required annual payments from the PA Turnpike of \$450 million that were divided between the statewide highway and bridge network and public transit. Act 89 of 2013 (Act 89) modified the law to provide \$450 million for multimodal until 2022. PennDOT received its last \$450 million payment from the PA Turnpike in July 2021. The Turnpike's commitment lowers to \$50 million annually, and a minimum of \$450 million is provided from the General Fund annually via the state vehicle sales tax. These dollars help Pennsylvania meet the needs for

state-of-good repair projects, a reliable transit fleet, expanded services, or the initiatives needed to grow to support our communities.

Our federally-mandated support of Amtrak service continues, and we are doing all we can to advance station projects. Construction of the new Middletown station was completed in January 2022, and the station is now open to the public. Parking improvements in Lancaster are in construction, and the Coatesville Train Station has started construction. Additional capital improvements in Lancaster, Downingtown, and Parkesburg continue to develop. During FY 21-22, there were over 891,000 trips on the Keystone and Pennsylvanian lines.

Through three COVID relief bills (CARES, CRRSAA, and ARPA), Pennsylvania received \$2.6 billion in federal funding for public transportation. Most of the funding was provided directly to urban public transportation agencies, with PennDOT receiving funds for public transportation in rural areas. In total, PennDOT was apportioned \$94 million to support rural areas and community transportation providers. PennDOT has committed or spent more than \$62 million of the total apportionment and will continue to put these dollars to good use on eligible activities.

This federal funding has helped agencies offset immediate operational losses due to the pandemic, filling the losses of ridership revenue. Additionally, the BIL provides a 30-percent increase in federal formula funds for public transportation systems in Pennsylvania this year over last year's funding amount (excluding the COVID relief funds). The BIL also provides additional discretionary funding programs that Pennsylvania will be able to apply for over the course of the legislation.

Additionally, the Department is administering more than \$2.2 million in total CRRSAA and ARPA funding for the state's 40 general aviation airports that are eligible to receive federal funding and are part of the State Block Grant Program.

There has been a significant reduction in aviation fuel revenue due to the impacts of the pandemic. As a result, there is less funding available for the Aviation Development Program (ADP), a state grant program that is funded through the collection of state taxes on jet fuel and funds airport facility projects. To address this, the Governor's proposed budget includes an additional \$1.6 million annually over 5 years for aviation. This will help PennDOT match the new the federal BIL funds, which will require an additional \$1.5 million to \$2 million annually in match funding.

Additionally, in December 2022, the Transportation Advisory Committee (TAC) published its [Pennsylvania Aviation Needs Assessment and Strategic Action Plan](#). It was the first-ever comprehensive needs assessment with a strategic action plan focused on the improvement of Pennsylvania's aviation system. It took a holistic look at aviation needs in terms of infrastructure capital investment needs, financing, technological advancements, and legislative reforms necessary to advance Pennsylvania aviation as a major mode of transportation, supporting the overall mobility and economic demands of the state.

PennDOT remains committed to providing and enhancing these critical services for Pennsylvanians.

PennDOT Efficiencies and Innovation

We understand that the people of Pennsylvania trust state agencies to be good stewards of taxpayer dollars, and PennDOT takes that responsibility very seriously. PennDOT continuously evaluates its operations to find opportunities to enhance efficiency and save money.

PennDOT continues to collaborate with industry and federal partners, as well as other state agencies and the PA Turnpike Commission on Transportation Quality Initiatives (TQI). TQI process teams review new products, innovation and policy changes that emphasize sustainability, cost effectiveness and efficiencies for design, construction, and maintenance.

PennDOT's 2021 [Efficiencies Report](#) demonstrates how the Department saved nearly \$100 million over five years and provides 90 examples of how the Department uses technology to improve customer service and enhance projects while streamlining costs, including:

- \$38.5 million saved over three years by using lower-cost materials for secondary roads;
- \$49 million saved over four years through the County Accreditation Program;
- \$10 million saved over five years by implementing efficiency improvements identified by PennDOT employees (WorkSmart and IdeaLink programs).

In addition to working to implement innovative practices into our own operations, PennDOT is fully engaged in preparing for transportation's future. When it comes to vehicle automation, for example, PennDOT has an active seat at the table, and has been nationally recognized for its leadership as a DOT in this space. For example, we were selected as one of eight states to participate in the National Highway Traffic Safety Administration's Automated Vehicle Transparency and Engagement for Safe Testing initiative, and we were chosen as one of the initial partners for the Automated Vehicle Education Public Sector Advisory Council members. This technology will continue to grow, and PennDOT is committed to the industry's safe, efficient development which will continue benefitting our communities while the technology is developed in our backyard.

We are optimistic about automation's potential positive impact on our society's future of safe travel. In 2021, 1,149 lives were lost on Pennsylvania roadways. Even one life lost is too many, and we are dedicated to bringing that number to zero.

Driver and Vehicle Services

PennDOT Driver and Vehicle Services (DVS) is focused on improving the customer experience. On January 1, 2020, the Enhancing the Customer Experience initiative began, and it will continue over 10 years. This initiative is a holistic approach to enhancing every customer's experience at each touch point. Some of the improvements will be directly customer facing – such as new or enhanced facilities – while others will be made in systems and processes to create a more efficient environment to serve customers quickly and accurately. Enhancing the Customer Experience will focus on exceeding customer expectations through the innovative use of technology, updated facilities, hiring and training of dynamic staff, and through improved interaction with the individual customer.

DVS has added staff to the busier driver license centers to provide an initial point of contact, upon entrance, to assist customers with their visit to the driver license center. This “triage” staff offers customers a review of documents, assistance with choosing the correct service queue, and answers to any questions that might arise about required forms, wait times, etc. In addition, DVS has launched a new operating unit focused on real-time analysis of driver license and photo centers queuing systems to ensure an effective and efficient visit for customers. The staff from this unit will be working together, with the Bureau of Driver Licensing and Bureau of Motor Vehicle staff and management, to analyze wait times, identify trends, provide suggested solutions to customer flow issues for both long-term and near-term impacts to improve the overall customer experience.

Eliminating the License Plate Sticker

In December 2016, as provided for in Act 89, PennDOT stopped issuing license plate stickers. This customer service enhancement made it possible for customers to print their permanent registration card online and eliminated the need to mail the registration card as well as the sticker.

Customers have expressed that they appreciate being able to print their registration card right away without having to wait for it to arrive in the mail. Our fleet customers appreciate the efficiency of emailing new registration cards to drivers on the road versus the hassle of getting registration cards and stickers to them.

In addition to sticker savings, there are savings in paper, envelopes, postage, and pre-sort mailing costs. Since the customer can print their permanent registration online, PennDOT has also seen savings from vehicle address changes processed online, since the Department no longer has to mail an updated registration card and the vehicle owner is able to print an updated card immediately upon completion of the change. Savings associated with the elimination of the license plate sticker total approximately \$19.2 million through early March of 2023.

PennDOT is grateful for the General Assembly’s forward-thinking decision to include sticker elimination in Act 89 and look forward to seeing continued cost savings and customer benefits in the coming years. This has provided the opportunity to reinvest these savings into the Motor License Fund to support critical infrastructure maintenance and improvements.

REAL ID

PennDOT began issuing REAL ID products on March 1, 2019, and on May 17, 2019, the U.S. Department of Homeland Security (DHS) issued a Final Determination of Compliance to Pennsylvania, which means federal agencies can accept REAL ID driver’s licenses and identification cards from Pennsylvania for boarding domestic commercial flights, entering federal facilities, and entering nuclear power plants.

Approximately 2 million customers have chosen a REAL ID and 19% of all Pennsylvania driver’s license /ID holders possess a REAL ID product. In addition, over 8.1 million customers have chosen to receive a standard issued driver’s license or identification card marked “NOT FOR REAL ID PURPOSES” indicating the vast majority of Pennsylvania driver license and identification card holders have made their initial decision on the product they want to carry.

DHS has postponed the federal enforcement date for REAL ID to May 7, 2025. Current demand by customers for REAL ID products has been lower over the last year most likely related to the extension of the enforcement date. PennDOT anticipates that as the deadline nears there will be an increase in issuance rates/demand. We estimate approximately 25% of driver's license and ID holders will get a REAL ID, and PennDOT is fully prepared to meet the current estimate of 2.7 million REAL IDs by the DHS implementation deadline.

PennDOT has established 13 locations that meet federal standards for the over-the-counter issuance of REAL ID products. The option to request REAL ID pre-verification still exists as well. If a customer received their first Pennsylvania driver's license, learner's permit, or photo ID card AFTER September 1, 2003, PennDOT may already have their REAL ID documentation on file. To find out if the required REAL ID documents are on file with PennDOT, customers can apply for REAL ID pre-verification online. If PennDOT confirms that their documents are on file, they can order their REAL ID online.

Transportation Equity

At PennDOT, we are focused on exploring solutions that will reduce inequities in our system, build resilience against future disruptions, improve safety, and support environmental and financial sustainability.

In support of this, PennDOT has established the Council on Inclusive Excellence, which consists of staff from across the Department, and works to integrate best practices for diversity, equity, and inclusion into agency policies and programs. We are also looking at innovative ways to grow a diverse workforce and cultivate a culture at PennDOT where all employees feel safe, respected and educated to perform their current work assignments and have opportunities for advancement.

We also recognize that small and diverse businesses have an incredible impact on the communities where we all live and work. We want the new ideas, expertise and perspectives that small businesses provide. To that end, PennDOT is also placing a strong emphasis on improving diversity in contracting. We are conducting workshops in each of the 11 districts to help small, diverse and disadvantaged businesses gain contracting opportunities with the Department. PennDOT also rolled out a Mentor-Protégé program, developed collaboratively with industry and federal partners, that provides an avenue to connect experienced PennDOT vendors with new and growing Disadvantaged Business Enterprise teaming partners to assist with building or expanding their experience in the industry, including assisting them to move into non-traditional areas of work.

But we know that truly cultivating transportation equity is not about compiling a report or checking a box. These principles must be engrained into our work. Creating and supporting a quality transportation system that works for everyone is at the center of the Department's mission, and PennDOT is committed to the ongoing work that this requires.

Moving Forward

The PennDOT team is making improvements, enhancing equity in our organization and in transportation systems for all people, and – as always – aiming at a safer, more connected Pennsylvania. We appreciate your partnership as we continue in this mission.