

**Pennsylvania House of Representatives**  
**Transportation/Commerce & Economic Development Committees**  
**Joint Public Hearing**  
**Wednesday, September 15, 1999, 10:00 a.m.**

Remarks by  
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Committee chairs, members of the committees, ladies and gentlemen: It is indeed an honor for me to join you this morning to discuss transportation and its relationship to economic development.

Few of us would argue the benefits of an interconnecting highway and bridge system: It's what is necessary to get raw materials to the plant and finished products to their markets, it is what is necessary to get people to and from work . . . whether it be to a factory, to an apple orchard or to a professional office in a towering skyscraper.

On the other hand, too many of us are totally unaware of the important role that railroads and aviation play in the total transportation mix and their impact on the economy locally and globally.

Let me start with the impact of railroads. Sixty-two of the 67 counties in the state have workers employed in rail or rail-created jobs. Direct railroad employment

totals nearly 11,000 workers with wages equaling more than \$5 million annually.

On the aviation side, the 147 public use airports in the Commonwealth contribute directly and indirectly to more than 230,000 jobs with an associated annual payroll of more than \$4.5 billion.

These job numbers and total payrolls themselves are impressive. But the raw materials and finished products that railroads and aircraft move for Pennsylvania businesses and our consumption across the state, throughout the United States and around the world are the real contributing factors to economic development here at home.

We at PennDOT understand that it takes everyone working together to make the Commonwealth economically viable. The Department has developed partnerships with those in both the rail freight industry and rail related businesses, as well as our airports and aviation service providers. For instance, our Rail Freight Advisory Committee and our cooperation with the Aviation Council of Pennsylvania and the regional chats we've been conducting at airports both large and small have opened unprecedented lines of communication.

Few of us experienced it, but many of us recall stories of the "glory days" of trains, when the rails were

"king." Over time highways became the 'rails' and trucks became the 'trains.'

But with Norfolk Southern and CSX Transportation earlier this year assuming the former Conrail tracks in Pennsylvania, with doublestack service becoming a reality and intermodal connections increasing, the "working days of railroads" have re-emerged.

Three Class 1 railroads now serve Pennsylvania: Norfolk Southern, CSX Transportation and Canadian Pacific Railways. In addition, with nearly 70 shortline and regional railroads feeding the Class One's, Pennsylvania ranks first in the nation with the number of operating railroads. With nearly 53-hundred miles of track, we're fifth in track mileage among the 50 states.

Pennsylvania sees as one of its major rail responsibilities getting the product to and from the major carriers. Our goal has been to financially support those rail maintenance, improvement and construction projects that facilitate regional and shortline railroads' movement between the Class ones and their customers.

With the commitment of Governor Ridge and the concurrence of the General Assembly, available funding to the Rail Freight Assistance Program has increased. In 1996, grants totaled \$3.6 million. The next year the total

more than doubled to \$8 million. The amount for the current fiscal year represents still another modest increase to \$8.5 million. The applicants estimated that upon completion more than 6,000 new jobs will be created. Through the Capital Budget program, we are also able to fund an additional \$10 million annually to railroads **and** businesses who use rail in the conduct of their operations.

Increased use of rail freight also helps make our highways safer by cutting back on the number of heavy trucks on the road.

**Let me state right up front, that PennDOT sees a place for both trains and trucks when it comes to hauling raw materials and finished products.**

What's really exciting is the trend we see developing between the two . . . not a trend of increased competition, but a growing desire to further cooperation. Perhaps, most simply put, trains make the long hauls and trucks take the shorter routes. Through intermodal cooperation, you're seeing more and more trailers hauled on flat cars or "jacked up" as high-railers with tractors waiting at the "end of the line" to take the trailers to their final destinations.

The Ridge Administration and the General Assembly have recognized the resurgence of rail freight service through

increased appropriations to the Rail Freight Assistance Program. We need to have our regional and shortline railroads in position to meet the feeder needs of CSX, NS and CP. The state appropriations provided for this purpose have been an investment in the local, regional and state economies.

As you are well aware, 1999 brought with it a significant change in rail operations in the Commonwealth. I believe that NS and CSXT, pre split did everything in their power to ensure the success of this major endeavor. But, despite all the advanced planning and cooperation, the changeover has not occurred without problems. And the railroads are the first to acknowledge this fact.

We have been monitoring the situation in the state. Department officials have met with CSX and NS to identify the source of the problems and plans to resolve them. We have received weekly updates from railroad officials to keep us apprised.

We have facilitated meetings between shippers and businesses, and developed a complaint processing procedure to address complaint resolutions between shippers and the railroads.

Monitoring by the Bureau of Rail Freight will continue so long as we feel there are major problems interrupting their rail operations in Pennsylvania.

I must admit that I had hoped the transition would have been much smoother. I give credit to the men and women of Norfolk Southern and CSX Transportation for their diligence and commitment to resolving their outstanding problems . . . and their efforts to undertake major infrastructure improvements and expansion in Pennsylvania that they committed to early on. These include Bethlehem Intermodal Yard (\$5 million), Rutherford Yard in Harrisburg (includes a \$40 million facility), a \$5 million expansion at Pitcairn, and the retooling and expansion of the locomotive shops in Altoona, Juniata, and Holidaysburg (\$67 million). The bottom line is, despite everything else, it is in everyone's best interest that they succeed.

I also would like to discuss another part of the transportation mix, one that we take for granted and often fail to appreciate its contribution to a regional economy: **aviation.**

Trying to put a price tag on the economic contribution is not easy. However, a five-year-old study commissioned by PennDOT estimates the airport system - on an annual

basis - supports over 230,000 tenant and visitor-related jobs with an associated payroll of more than \$4.4 million.

Businesses rely on our airport system to transport their employees. Corporate aircraft daily shuttle CEOs, technicians and clients from different facilities throughout the state and nation. Many businesses rely on aviation to transport their goods by air. From the U.S. Postal Service to United Parcel Service to Federal Express, "movers and shakers" find next-day delivery essential. And without airports and airplanes, this would be virtually impossible.

Aerial photography, aerial ag spraying, aerial pipeline safety inspections are a few of the least realized but important uses of aviation. Law enforcement, military and medical airlifts contribute on a daily basis to the quality of a life of a community and the state.

Obviously, we can't forget the obvious. The hundreds of thousands of personal individual , business men and women and tourists who use our 16 scheduled service airports to travel both near and far.

Pennsylvania, again only with your support, has provided funding for important safety and maintenance projects, as well as new construction projects. Currently, 147 public use airports can qualify for the financial

assistance. In fact, we are one of the few states that recognize the importance of privately owned publicly use facilities by making them eligible for our funding streams.

For more than 30 years, PennDOT's Bureau of Aviation has administered a restricted fund for aviation improvement projects. The program has grown from \$1 million annually to \$7.5 million a year today. The money comes from a tax placed on sales of aviation fuels in the state.

We are now one of only nine states that receive a block grant from the Federal Aviation Administration to further improve airport maintenance and construction. Again these dollars come from taxes on fuel, airline ticket fees, freight waybills and international departure fees. The Bureau of Aviation has received \$8.5 million in federal funds to distribute to eligible Pennsylvania airports during the past two years.

In addition, Governor Ridge has annually appropriated dollars for both aviation and rail freight projects that have been approved for funding in the state's General Fund Budget.

I believe PennDOT has been there to help, and not only by passing out dollars and checks. As I stated previously, we share our thoughts, ideas and expertise with airport operators and rail freight leadership. We are in the



process of conducting major studies that will further enhance the ability of the transportation system to attract businesses and further show the value of that system to all concerned. These include a Rail Freight Properties Directory that will highlight property available for development on or near a rail line, a heavy car study to ensure the shortlines and regionals that need to be upgraded to handle the larger cars are upgraded, and a state-wide aviation system plan and pavement management system to ensure our limited funds are spent where they will benefit the system the most. In the time allotted, I hope - if you weren't aware - you are now aware of the economic impact that these two modes of operation have at the local, regional, state, national, and - yes - even international impact!

I appreciate the past support provided by the General Assembly. I look forward to working in partnership with you as PennDOT continues to move Pennsylvania Forward.

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