

**House of Representatives Transportation Committee Hearing**  
**Monday, May 1, 2023**  
**Testimony of Larry Shifflet, Deputy Secretary of Planning, PennDOT**

Chair Neilson, Chair Benninghoff, and members of the Transportation Committee, thank you for the opportunity to discuss transportation funding in Pennsylvania. The Department of Transportation (PennDOT) looks forward to working with you on leveraging all possible investments while planning for the future.

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. The department is actively implementing transformational investments from our federal partners while expanding the state's focus on our role in enhancing our road and bridge network. With each \$1 billion in transportation investment [contributing to more than 13,000 jobs](#), these opportunities also show why the General Assembly's work on reliable transportation funding is critical now and for the future.

**PROGRESS ON INVESTMENTS**

The Infrastructure Investment and Jobs Act (IIJA) – or Bipartisan Infrastructure Law (BIL) – is the largest federal infrastructure investment in decades. Its passage 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.

To help meet this challenge, the Governor's budget proposes an accelerated draw down of Motor License Funds to the Pennsylvania State Police (PSP) – currently \$500 million this fiscal year – \$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 IIJA 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 EVs. PennDOT has established a FHWA-approved program to distribute these funds and released its Round 1 Notice of Funding Opportunity 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 on private property in furtherance of building out AFCs. The Department is accepting NEVI submissions on its [Apply for NEVI Funds webpage](#) until 5:00 PM EDT on May 5, 2023.

Our goal is to be a national leader in building out our EV charging-station network. This program will help more Pennsylvanians feel ready to purchase an EV in the years ahead; and will also play an important role in advancing our climate goals.

To fully leverage the coming federal funds, expand our EV-charging network, and take advantage of BIL discretionary funding opportunities, we need to assess and plan reliable state transportation funding.

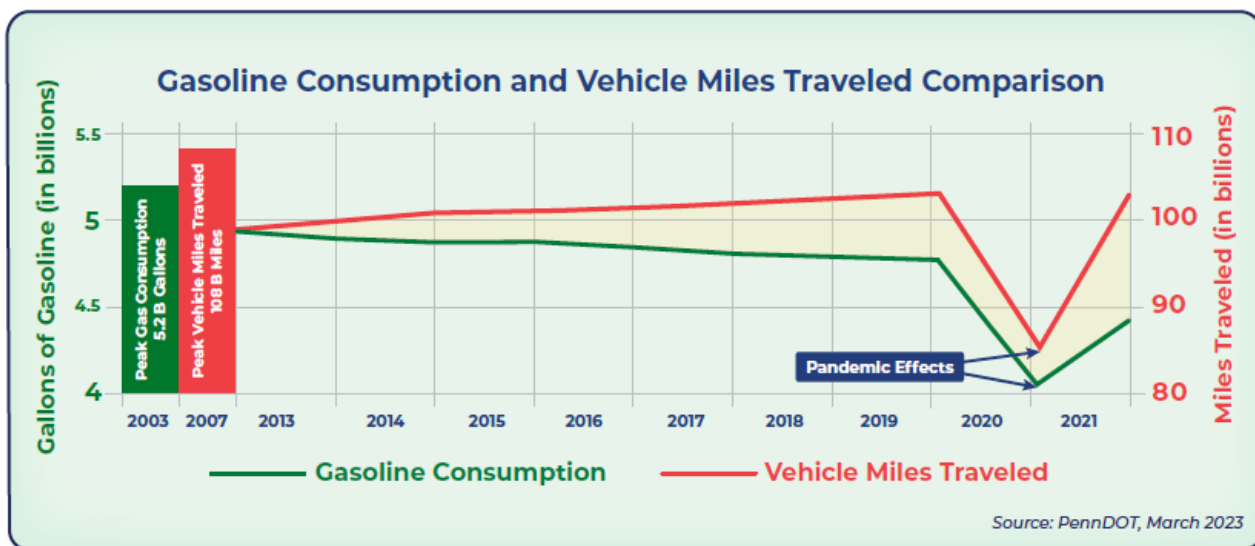
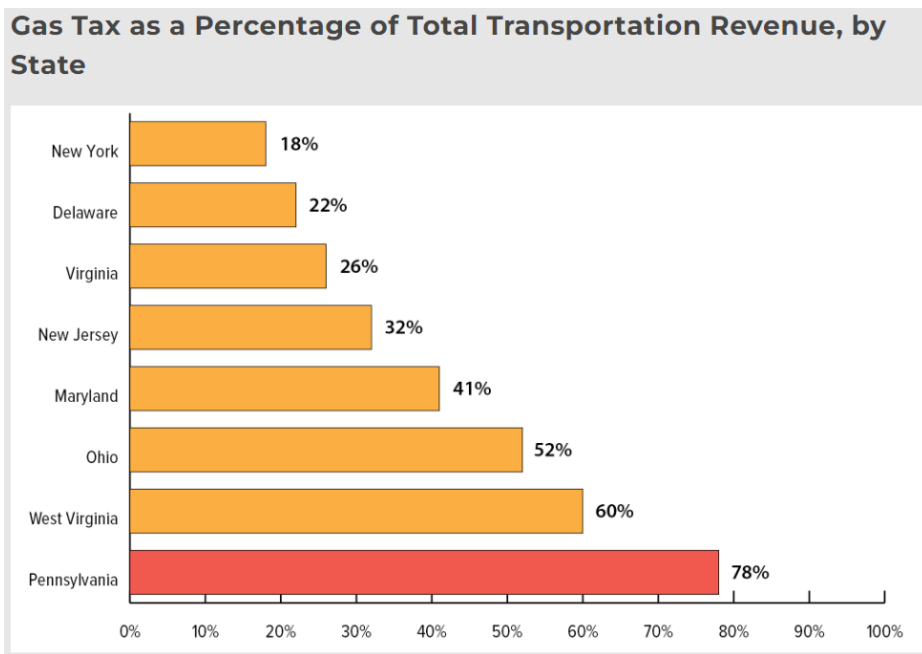
### **PENNSYLVANIA'S TRANSPORTATION-INVESTMENT RELIABILITY**

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. As demonstrated in the following figure from the July 2021 [Transportation Revenue Options Commission \(TROC\) Report](#) – **compared to neighboring states we are far more vulnerable** to changes in this funding source.

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.

While Pennsylvania's state gas tax is higher than most other states, our longstanding funding approach is bringing diminishing returns. Department of Revenue gasoline and diesel consumption data illustrates that our gas tax is becoming a less reliable source for funding Pennsylvania's roads and bridges. **The peak for gasoline consumption**

**in the state was in 2003-04, and the peak for diesel was in 2006-07.** Vehicles' fuel efficiency and driving patterns affect this consumption – since 1992, the highest recorded vehicle miles traveled on Pennsylvania roadways was in 2007-08 and the trend towards more fuel-efficient cars in the years since then have since reduced gasoline consumption. This trend is a positive development for consumers' pocketbooks, and reflects important emissions reductions, but nonetheless presents a challenge given our heavy reliance on the gas tax to maintain our roads and bridges.



While the number of registered EVs in Pennsylvania is growing over time – from 9,700 in March 2019 to 44,800 in March 2023 – Pennsylvania remains behind many neighboring states in EV

adoption, making it harder to apply a simple rubric for transferring from reliance on the gas tax to any EV-related funding source. Instead, reliable, holistic solutions that encourage EV-adoption's benefits while addressing longstanding and ongoing revenue realities will be critical.

Reducing and eventually eliminating transfers to the PSP – 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. Additionally, 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.

The importance of continuing and expanding these investments cannot be overstated:

- At current funding levels, even with the BIL, only one third of our interstate needs are currently funded on our four- and 12-year Interstate Management Program.
- Twenty-seven 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, 34 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.
- 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.
- There are 1,663 bridges on the local system that are in poor condition, so the need extends beyond the state system.

Whether on an interstate or a bridge connecting a farm to the market, we understand that every project, big or small, can improve the lives of the surrounding community.

### **Evolving Transportation Funding**

Combined with gas-tax revenue trends demonstrated in previous years and recently magnified by the pandemic, PennDOT has been reviewing and collaborating with stakeholders on identifying reliable transportation-funding options for our multimodal transportation system. Through [PennDOT Pathways](#) the department completed a Planning and Environmental Linkages (PEL) study to identify possible near-term and long-term solutions to the funding gap our transportation system faces. The [PEL Study](#) evaluated the feasibility of various funding options for near- and long-term implementation and established a methodology for evaluating environmental justice effects associated with each. Through this framework and continued collaboration with the Legislature, PennDOT looks forward to further studying these various options, as well as those in the TROC report.

Now and in the future, this analysis has included and will retain an equity lens. 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. As an

example, in funding analysis as part of the PennDOT Pathways PEL, an Equity in Transportation Working Group was convened to provide input on the potential impacts to under-represented communities, including low-income and minority populations, across the Commonwealth. The group was developed to provide statewide, high-level representation for historically underserved populations. Invitations were sent to 50 entities representing nonprofits such as AARP, NAACP, and Pennsylvania Developmental Disabilities Council; State and Federal agencies such as the Pennsylvania Office of Environmental Justice and the EPA Environmental Justice Working Group; representatives of State boards and commissions including the PA Commission on African American Affairs, the PA Commission on Asian Pacific American Affairs, the PA Commission on Latino Affairs, and the Pennsylvania Environmental Justice Advisory Board, and representatives from State MPOs and RPOs and other local government associations.

Key among the identified concerns were potential impacts of increased fees, potential traffic diversion in low-income and/or minority communities, and language barriers in understanding regulations and programs. While the department has expanded emphasis on Diversity Equity and Inclusion internally and in growing business opportunities, equity must also remain a consideration in evolving our state's transportation-funding model.

### **Moving Forward**

There are many potential ways to sustainably and fairly ensure that all vehicle users are contributing to maintaining our roads and bridges. No other state has yet implemented a final comprehensive solution, and PennDOT believes that it would be premature for Pennsylvania to do so without considering the wider context of incentivizing EV adoption and ensuring that statewide charging infrastructure continues to expand to support growing EV needs. We look forward to recommending sensible solutions based on the data still being gathered today. Furthermore, we stand ready to collaborate with you on the important mission of adequately funding and modernizing our transportation system.

Beyond our discussion of vehicle types and revenue trends, we look forward to working with you to ensure roadway users' dollars are being used well on our roads and bridges. We commend the committee for taking steps to pass Governor Shapiro's proposed Public Safety and Protection Fund. We strongly encourage the General Assembly to embrace this important step to decouple support for the State Police from the Motor License Fund so we can ensure sustainable funding for public safety without competing with infrastructure investments.

Thank you for your attention to this important topic and we look forward to continued partnership in the future.