Act 44
Transportation Funding
The Transportation Crisis

Bridges
- 5,913 structurally deficient bridges
- Highest number of any state
- Average age 50 years

Need: $230 million

Roads
- 8,528 miles in poor condition
- Backlog of safety & congestion needs
- 36% construction cost increase last 2 years

Need: $735 million

Transit
- Looming 25% service cuts over 5 years
- 100 million fewer rides
- Loss of access to jobs, medical service and schools

Need: $760 million

Total Commission Need: $1,725 million
Act 44 of 2007 Funding

10 year average of $532 million/year for Highway and Bridge

10 year average of $414 million/year for Public Transportation
Act 44 Funding Structure

- **Turnpike Commission Contribution**
- **Public Transportation Assistance Fund**
  - General Fund - Sales and Use Tax (4.4%)
  - Lottery Funds
- **Capital Facilities Fund**
- **Public Transportation Trust Fund**
  - Expanded Highway and Bridge Program
  - Local Maintenance
  - County Roads and Bridges
  - Municipal Roads and Bridges
  - Transit Operating Assistance
  - Programs of Statewide Significance
  - Transit Capital Assistance
Program Intent

- To create a sustainable program
- Dedicated, inflation-sensitive, reliable revenues
- Simple transparent funding distribution
- Funding linked to need and performance
- Sound investments and ongoing reforms
- Accountable and efficient
Public Transit Funding – Before Act 44

Funding sources were unpredictable, not dedicated, and had minimal growth

- Dedicated Funds
- Dedicated Supplemental Funding
- General Fund
- Lottery Fund
- General State Obligation Bond Proceeds

Operating Assistance
Dedicated Public Transportation Assistance Fund (PTAF)
Dedicated Supplemental Funding (Act 3 Revenue Enhancement Initiative)
Senior Citizen Transportation Program: Fixed-Route and Shared Ride Service
Intercity Transportation Program
Discretionary Capital Assistance Program
Miscellaneous Other Programs
Public Transit Funding

Funding sources are predictable, dedicated, inflation sensitive

Public Transportation Trust Fund

- Transit Operating Assistance
- Capital Assistance
  - Asset Improvement Program
  - Capital Improvements Program
  - New Initiatives
- Programs of Statewide Significance
Key Changes

- Eliminates Classes 1-4
- Creates Public Transportation Trust Fund with five accounts
- Funding distributed based on need and performance
- Fully funds Programs of Statewide Significance
Public Transportation Trust Fund

- Dedicate $396M from Sales Tax
  - Revenue Neutral Swap to replace existing Operating, and Act 3 Funding
- Dedicate $80M from Lottery for Free Transit for Seniors
- Dedicate additional $300M from Pennsylvania Turnpike Commission
- Maintain PTAF funding of $180M
  - $121M to PTTF
  - $59M to pay existing debt
Transit Operating Assistance

- Base Funding – $537 Million
- New Funding – $250 Million
  - Allocated by formula
**Base Funding**

- 05/06 funding published in the PA Bulletin
- For subsequent years, each system will receive the adjusted base operating allocation
- 07/08 Base funding = Base Operating Allocation X 1.0506
Transit Operating Formula

$250 Million

25% Passengers
10% Senior Passenger Premium
35% Revenue Vehicle Hours
30% Revenue Vehicle Miles

**Growth Caps** – No system gets more than 50% first year and 20% more in subsequent years

**Hold Harmless** - No system gets less funding than prior year

**Local Match** - 15% local match required. Systems may increase by 5% current year match until they achieve full 15%. Cash only.
System Performance Criteria

- Passengers per revenue vehicle hour
- Operating cost per revenue vehicle hour
- Operating Revenue per revenue vehicle hour
- Cost per passenger trip
System Performance Evaluation

- Periodic performance reviews
- If performance falters, corrective action required
- Locals pay for non-performance
Decreasing Performance since last fiscal year

- Hold harmless on formula driven operating assistance (2 years)
- Three step improvement process
  1. Action plan – given to local elected officials and PennDOT
  2. Quarterly progress reports
  3. PennDOT review of progress
    - If improved – full formula funding restored
    - If not improved – Hold harmless released – system get negative impact of funding formula
Required Coordination

- Requirement in law to coordinate (§ 1512)
- Regions where two or more award recipients have services
Capital Program

- All capital projects must be on statewide Capital Plan
- Asset Improvement Program
  - Discretionary
  - 3 1/3 % local match
- Capital Improvement Program
  - Formula
  - No local match
- New Initiatives (Fixed guideways)
Asset Improvement Program

- Statewide program based on NEED
- Discretionary distribution
  1. Existing Debt Service/Leases
  2. Matching Funds for Federally approved projects
  3. Non-Federal capital projects
     a) Emergency Projects
     b) Standard replacement of existing assets that have exceeded their useful life
     c) Non-emergency asset improvement projects
     d) Acquisition of new assets (not New Starts)
Capital Improvements Program

- Same priorities as Asset Improvement
- Funding distributed by formula (passengers)
- No Local match required
New Initiatives

- Priority for local match requirements of Federal New Starts

- If not – applicant must meet following tests
  - Investments in existing service areas optimized
  - Return on Investment analysis
  - Local dedicated funding for operating
  - Local ability to construct, manage and operate
  - Integrated land use plan in place

- Local Match – no less than $3 \frac{1}{3}$ %
Programs of Statewide Significance

- Persons with Disabilities
- Intercity transportation
- Community Transportation
- Welfare to Work and Federal Programs Match
- Technical Assistance and Demonstrations
- Program Oversight and Administration
Programs of Statewide Significance

- Distribution based on need
- PennDOT discretion
- Consistent with existing program requirements
- PennDOT to continue to streamline, simplify and improve accountability of these programs
Persons with Disabilities

Rural Transportation Program for Persons with Disabilities

- Counties offering reduced transportation services for persons with disabilities
- Remaining counties eligible for Persons with Disabilities Program
- Counties not eligible for Persons with Disabilities Program
Intercity Transportation

Funding to continue Keystone Corridor improvements and operating assistance

Increased funding for intercity bus operators
Community Transportation

- Service Stabilization funding
  - Provides $1.5 Million across 35 counties
- Capital funding available for shared ride systems
- Human Service Coordination Study
  - Multi-agency study
Welfare to Work and Federal Programs Match

- Match funding for:
  - Job Access Reverse Commute
  - New Freedoms

- Continues state Welfare to Work program
- No local match required
Regulations – Proposed Stage

Public Comment Period. - Proposed Regulations published in PA bulletin with 30 day comment period

IRRC Comment Period - IRRC comments within 30 day of closing of Public Comment Period

Agency Review – Agency responds to comments and delivers final form regulation

Rulemaking ends – Agency does not deliver final form reg in 2 years

Regulations – Final Stage

Agency Review – Agency Responds to comments and delivers final form reg.

Rulemaking Ends. Agency does not deliver final form regulations in 2 year statutorily required period

Final Omitted Regulations Delivered

Committee may approve, disapprove or provide notice of intent to review 24 hours before IRRC public hearing

IRRC Acts at Public Meeting

IRRC Approves but Committee Disapproves

IRRC Disapproves

IRRC Approves. Committee Approves
