

Joint Legislative Hearing on the 2005-2006 Executive Budget
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Members of the Legislature, I appreciate the opportunity to appear before you today and express my severe displeasure with the Governor's proposed Transportation Budget for 2005-06.

Quite simply, this budget is deplorable. The 5-year funding plan fails to provide the resources necessary to simply maintain the current system, let alone make improvements to ease congestion and increase efficiency. If funded at the recommended levels, the conditions of our roads and bridges will continue to worsen and the safety of the traveling public will be put in serious jeopardy.

The Governor proposed a stagnant program with absolutely NO growth over the 5-year period. When factoring in the cost of inflation, that actually equates to a cut in funding. According to the Bureau of Labor Statistics, the cost of construction materials and components increased 15% over the last 5 years (12/99 - 12/04). Therefore, keeping a program constant for 5 years, as the Governor has proposed, will mean less work gets done and our roads and bridges will continue to deteriorate.

Making matters worse, the flat spending levels are only reached by raising motor vehicle and licensing fees. Expected to generate an additional \$300 million, the higher fees are the latest example of a decade of financial mismanagement of the *Dedicated Highway and Bridge Trust Fund*.

The state has raided the *Trust Fund* so egregiously that **less than 10 cents of every dollar** that New York drivers are paying in highway user fees is going back into road and bridge construction. Let me repeat that – less than 10 cents of every dollar is being spent on its intended and dedicated purpose. If MTA fares and Thruway tolls were being used in this manner, how would you react?

The Governor's current budget proposes sending over \$1 billion of the *Highway and Bridge Trust Fund* money to the state general fund and local governments, over \$800 million to transit, \$140 million for the Department of Motor Vehicles and a staggering \$1 billion for debt service.

Compounding the problem, the *Trust Fund* has incurred additional expenses, totaling \$2.3 billion since 1995, which were originally paid for by the state's general fund. Items such as snow plowing, bus inspections and DMV expenses. Under this proposed budget, that amount is over \$550 million.

While these added expenses are being withdrawn from the *Trust Fund*, many of the revenue sources being deposited have been cut. Of the dedicated fund's major state revenue sources, all but one declined between 1995 and 2002.

To combat this problem, the Pataki Administration has a repeated answer - borrow. In 1995, the state paid \$73.7 million in highway debt service, by 2004 that number had grown to \$1.035 billion.

As if this increase in debt load wasn't bad enough, the Governor's budget actually recommends "restructuring our debt" – or more accurately described as stretching out the debt. The Governor further demonstrates his lack of fiscal responsibility by offering a phantom \$2 billion increase in the capital program in the final two years without any details to support it.

Even if he were miraculously able to find such revenue, the Department of Transportation still wouldn't be able to spend it that quickly. The designs necessary to complete that many projects don't even exist.

As you can see, the Governor is playing a dangerous game of smoke and mirrors with our transportation finances and his proposal should be rejected.

These statistics are more than numbers, they are an admission that New York's Transportation funding program is in a CRISIS, either because of wholesale diversions and inappropriate expenses or through benign neglect.

The negative impact of these failed fiscal policies on the New York's transportation system is clearly outlined in *Transportation –Trouble Ahead: Findings and Recommendations of the N.Y.S. Advisory Panel on Transportation Policy for 2025.* This independent Advisory Panel, comprised of twelve transportation experts, conducted nine hearings from Buffalo to Long Island and took testimony from over 1,000 individuals and groups this past summer.

After reviewing the testimony and data provided by state agencies, the panel reported to Commissioner Boardman that New York is on the verge of slipping back to the deplorable infrastructure conditions of the 1980's – a time of crumbling infrastructure, unsafe travel and unreliable service.

The decline of the system has already begun:

- the number of miles in poor and fair condition has increased in each of the past four years;
- the number of deficient or functionally obsolete bridges has spiked from 26 percent to 39 percent in just the last year;
- the average daily commute in New York increased to 31.7 minutes in 2000 – the longest commute time of any state.

As a result, New York drivers are paying huge costs because of these poor conditions. According to The Road Information Program (TRIP), a non-profit highway research group based in Washington, D.C., traffic accidents in which road design was an important factor cost our drivers \$6.5 billion, traffic congestion cost \$6 billion in delays and wasted fuel and driving on roads in need of repair was another \$3.2 billion in extra operating costs.

TRIP also graded the conditions of our roads and bridges statewide and New York is close to failing. New York earned **C minuses** for both road and bridge conditions. Over one-third of our roads are in poor or mediocre condition while 37% of our bridges are in substandard condition.

To repair this damage, the Advisory Panel estimated that New York's transportation network required tens of billions of dollars of investments in the next five years alone. Without such funding, the panel warned, "the infrastructure will deteriorate, the economy will falter, jobs will be lost and the quality of life in New York State will suffer dramatically."

The advisory panel sent the Governor a clear wake-up call and he hit the snooze button. After a decade of denial, the time for bold leadership is now.

In conclusion, the AGC makes the following recommendations:

1. Stop diverting dedicated funds to non-capital spending. By reconstituting the fund and limiting its use to capital spending on our roads and bridges, there would be an extra \$1.6 billion available annually.
2. Reject the Governor's proposal to further burden future generations with more debt by stretching the pay back terms for existing transportation bonds.
3. Stop the deterioration of New York's transportation infrastructure by using existing highway user fees to increase the DOT's annual letting level to \$2.5 billion.

I appreciate your time and consideration and welcome any questions you may have. Thank you.