



## FY2015-16 Budget Hearing Recap Tuesday, March 17, 2015

### Department of Transportation

Testifying: Acting Secretary Leslie Richards

For FY 2015-16, Governor Wolf is proposing to increase Department of Transportation funding from the General Fund by \$147,000 or 2.4%.

In the Unrestricted Motor License Fund the Governor is proposing to increase Department of Transportation by \$42.5 million or 2.3%.

The Department of Transportation is expecting that the state and federal revenue that is dedicated to Highway and Bridge improvement and maintenance to be \$4.7 billion. This is an increase of 5.3%.

The Acting Secretary was asked to update the committee on the implementation of Act 88 of 2012 which set up Private Public-Partnerships, commonly known as P3. The Acting Secretary believes that the opportunities for P3 are large and growing.

She held up the Rapid Bridge Replacement program as an example. The program will allow PennDOT to replace or repair 585 of the 4,000 structurally deficient bridges in the Commonwealth over the next three years.

Additionally contractors doing the work will be responsible for the bridges for the next 25 years. The department is also engaged in a P3 partnership which would build more than three dozen compressed natural gas stations for transit agencies throughout Pennsylvania.

Members expressed concern with the impact of increasing the sales tax and expanding the base would have on infrastructure projects both on the state and local level.

PennDOT has had success with the roundabout program and the Acting Secretary believes that roundabouts create safer and more efficient intersections. PennDOT will continue to work with local municipalities interested in pursuing roundabouts.

The Acting Secretary noted that ridership is up on the Amtrak Keystone Service Line which runs between Harrisburg and Philadelphia. The Acting Secretary pointed out that as ridership increases there will be less need for a state subsidy of the service.

Act 89 will make it possible for PennDOT to invest an additional \$548 million in highway and bridge projects during the current fiscal year. The Governor's Budget for Fiscal Year 2015-16 plans another \$866 million in project work. With the added resources the General Assembly provided in Act 89, PennDOT added roughly 1,600 miles of pavement improvements and more than 80 additional bridge repairs in 2014. Contract awards totaled \$2.6 billion in 2014, compared to \$1.6 billion in 2013 – a 38 percent increase.

Both the Acting Secretary and various members talked about the need for the federal government to find a long-term solution to the structural issues in the Highway Trust Fund.

## Department of Labor & Industry

Testifying: Acting Secretary Kathy Manderino; Eileen Cipriani, Special Assistant for Strategic Initiatives

For FY 2015-16, Governor Wolf is proposing to increase Labor and Industry's General Fund budget by \$14.5 million or 20.3%.

Industry Partnerships is increased from \$1.8 million to \$11.6 million (540.5%), as part of the Jobs that Pay Initiative, to support workforce development for industry groups linked by common product markets, similar technologies and workforce strategies.

The Governor's budget proposal has a transfer of \$5 million to the Uninsured Employers Guaranty Fund (UEGF) from the Workmen's Compensation Administration Fund in FY 2015-16. The balance in the UEGF is projected to reach \$0 by the end of FY 2014-15.

The Acting Secretary was asked to give an update about the Unemployment Compensation Fund and how Act 60 of 2012 was impacting the fund. The Acting Secretary stated that the fund currently has a surplus, but more is needed before the fund can be considered stable. Members remarked the need for further unemployment compensation reform to make sure the Fund is stable in the future.

The Acting Secretary was asked about the UC telephone appeals system and how it was working. Members had expressed concern that telephone appeals were not being granted in all instances, but the Acting Secretary stated that to the best of her knowledge the system was working well and there were no complaints.

There was a lot of discussion about the effects of the 49.5% rule for unemployment compensation and how it affects seasonal workers who made overtime late in the year. The Acting Secretary stated that she has heard from many stakeholders about this rule, but that

Labor and Industry only implements policy and any change must come from the General Assembly.

The Acting Secretary talked about the Wolf Administrations commitment to raising the minimum wage to \$10.10 an hour. Members expressed concern that this would overburden small businesses who are already seeing tax increases under the Wolf budget proposal.

## Department of Health/ Department of Drug & Alcohol Program

Testifying: Acting Secretary Karen Murphy (Health), Acting Physician General Rachel Levine, Acting Secretary Gary Tennis (Drug & Alcohol); Deputy Secretary Cheryl Dondero (Drug & Alcohol); Terry Matulevich, Director, Bureau of Administration & Program Support (Drug & Alcohol)

For FY 2015-16, Governor Wolf is proposing to increase funding to the Department of Health by \$4.27 million or 2.1%.

For FY 2015-16, Governor Wolf is proposing to increase funding to the Department of Drug and Alcohol Programs by \$5.5 million or 13%.

Many members expressed frustration with the zeroing out of line items such as Diabetes programs, Lupus, Poison Control Centers, Trauma Prevention, Epilepsy Support Services, Bio-Tech Research, Tourette Syndrome, and ALS Support Services. Members stated that these line items provide direct assistance for thousands of Pennsylvanians with low cost relative to the overall spend number of the General Fund.

Both Acting Secretaries stated that the number one health issue in Pennsylvania is prescription drug abuse. The Secretaries and members remarked about the positive effects that Naloxone was having in communities throughout Pennsylvania. Act 139 of 2014 allowed more emergency services personnel to carry and use naloxone to help combat drug overdoses.

The Acting Secretary of Health reported that Act 94 of 2014 was now in full effect and newborn children were now receiving pulse oximetry screening.

Last year, the legislature passed Senate Bill 1180 that called for the implementation of a much needed prescription drug monitoring program, the Achieving Better Care by Monitoring All Prescriptions program. The Governor has proposed that the program receive \$2.1 million to help establish program operations. The Department of Health will be working with the Departments of Drug and Alcohol, Human Services, State, the Attorney General's office and

the Pennsylvania State Police to develop a comprehensive plan to leverage the drug monitoring program to decrease prescription drug abuse and heroin addiction.

As directed by Act 148 of 2014, the Department of Health is now required to pay for the testing of six new Lysosomal Storage Disorders as part of the mandatory screening panel for newborn children. An additional \$1.4 million increase to the department's Newborn Screening program was requested to cover the costs associated with Act 148. Implementation will be delayed until Fall 2015 because the labs are not yet equipped to process the additional tests for the Lysosomal Disorders.