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Getting Around: Turnpike Commission borrowing millions to help fund PennDOT

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By Joe Grata, Pittsburgh Post-Gazette

The Pennsylvania Turnpike Commission has yet to collect a penny from July's passage of Act 44 that directs it to raise tolls, starting with 25 percent next year, and convert Interstate 80 into a toll road charging the same high rates.

Nevertheless, as required under the unique "public-public" partnership that the Legislature created, the turnpike has already provided PennDOT with \$521 million to spend on roads, bridges and public transit, a form of robbing Peter to pay Paul.

The turnpike borrowed the money, a total of \$532 million, of which \$11.6 million went for lawyers, underwriters, insurance and other costs associated with a bond issue.

In order to make the final \$229 million payment on \$750 million due PennDOT for the fiscal year that ends June 30, and in order to start making \$800 million in payments for next year, the Turnpike Commission anticipates borrowing another \$450 million by May.

In less than 10 months since the passage of Act 44, the Legislature will have put the state-related agency nearly \$1 billion deeper in debt. Not counting interest.

Up to another \$12 billion in borrowing is anticipated in coming years before toll revenues are sufficient to make the 50-year plan self-supporting -- enough for the turnpike to start paying down its record debt while still providing increasingly large sums of money for PennDOT.

Getting Around raises the issue because mortgaging the future has been largely responsible for making things miserable for decades for PennDOT and 12 million people who have lived with poor roads, congestion, outdated traffic signals, safety issues and deteriorated bridges.

First, a bit of history.

Mostly during the gubernatorial administration of Raymond P. Shafer, 1967-71, the Legislature was happy to stand by and allow PennDOT to borrow big bucks for a highway building boom rather than raise gas taxes, drivers' license and motor vehicle fees.

Some borrowing continued while Milton J. Shapp served as governor, 1971-79, exacerbating the problem because state lawmakers once again remained more concerned about being re-elected than passing a fiscally responsible transportation program.

PennDOT's indebtedness had grown to about \$2 billion by 1979, when Dick Thornburgh was elected governor.

Mr. Thornburgh wisely chose Penn State Professor Tom Larson as his transportation secretary/bureaucracy reformer. Together, they cut a bloated payroll, stopped the borrowing, twisted lawmakers' arms and put PennDOT on a pay-as-you-go basis.

PennDOT has operated with a basically balanced budget ever since, albeit never with as

much money as it wanted or needed.

But the damage had already been done.

Debt payments reached a peak in the 1993-94 fiscal year, when PennDOT shelled out \$208.2 million. In other words, one-sixth of its more than \$1.2 billion highway budget that year went to pay principal and interest for roads built years earlier and falling apart.

Other payments for old IOUs ranged from \$150 million to \$200 million for years, money that could have been used to keep the state's transportation system in a proper state of repair and maintenance.

PennDOT owes about \$30 million in bond obligations this year.

All of PennDOT's old debt is to be paid off in 2015-16, a half-century after the borrowing began. By then, the debt situation will have shifted and the Pennsylvania Turnpike Commission will owe more money than any transportation agency in the United States.

Yet the funding for roads, bridges and transit remains as muddled and controversial today as when Act 44 passed the House by a 124-79 vote and the Senate by a 30-19 vote, a bill which, incidentally, included the provision for the 10 percent drink tax in Allegheny County.

But what if:

- The Federal Highway Administration doesn't approve tolling I-80 across Pennsylvania?
- Lawmakers repeal Act 44?
- Gov. Ed Rendell leases the Pennsylvania Turnpike to foreign investors?
- The economy grows worse?
- Fuel prices go even higher?
- High tolls divert cars and big trucks onto nearby "free" roads?
- Inflation grows more rapidly than Act 44's financial experts assumed?
- The Pennsylvania Turnpike Commission defaults on its new debt?

What if?

The answer: Taxpayers will be stuck with the bill.

When Act 44 was written, a provision inserted in the event that toll revenues fall short calls for automatically increasing gas taxes and motor vehicle fees to whatever levels are necessary to pay off any money that the turnpike is borrowing to subsidize PennDOT.

When Act 44 was passed, lawmakers acted with the same attitude as their colleagues in the 1967-1979 era: Live for today and the hell with tomorrow.

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