



January 17, 2023

The Honorable Kathy Hochul  
Governor of New York State  
Executive Chamber  
Albany, New York 12224

Dear Governor Hochul:

Congratulations on your election as New York's fifty-seventh Governor. We appreciate your leadership to ensure our state's critical transportation infrastructure receives the funding it needs.

In 2021, you introduced and enacted the New York State Department of Transportation's (NYSDOT) first fully funded five-year capital program in nearly a dozen years. The \$32.8B capital program included a record \$6.1B in local highway and bridge assistance. NYSDOT's core program, which we identify as all construction on the state system and federal aid construction on

the local system, averages \$2.644B per year and spends a total of \$13.224B. The program also included Priority/Signature project construction totaling \$4.15B over the five-year plan.

While the current NYSDOT five-year capital program provides a strong base, the adopted capital program will need additional funding each year to stop the further deterioration of the state's highways and bridges. As noted earlier, the current program provides \$4.15B for eight Priority/Signature projects around the state—projects including Buffalo's Kensington Expressway, I81 in Syracuse, Route 17 in the lower Hudson Valley and Hunts Point in New York City. As enacted, the five-year capital program provides almost no funding for these Priority/Signature projects in its last two years. It is projected an additional \$1.4B - \$2.2B in funding will have to be added to the current program to complete these projects or construction of these projects will literally be halted in 2024. Additionally, the lack of adequate funding for the Priority/Signature projects is forcing NYSDOT to shift funds originally intended for core projects. In 2021, New York City (Region 11) received almost half of the agency's statewide construction dollars due mainly to the significant cost of its Priority/Signature projects. We are not aware of a single NYSDOT Region ever receiving this high of a portion of statewide construction resources.

Record high inflation rates on highway construction materials have severely increased costs and, as a result, reduced the NYSDOT's core program to its lowest levels since 2015—despite the record infusion of federal funds to New York from the Bipartisan Infrastructure Bill. It is critical that an additional \$1.128B be added to the 2023-24 budget for state and local highway construction just to keep funding at the same level it was when the five-year program was initially adopted in 2022.

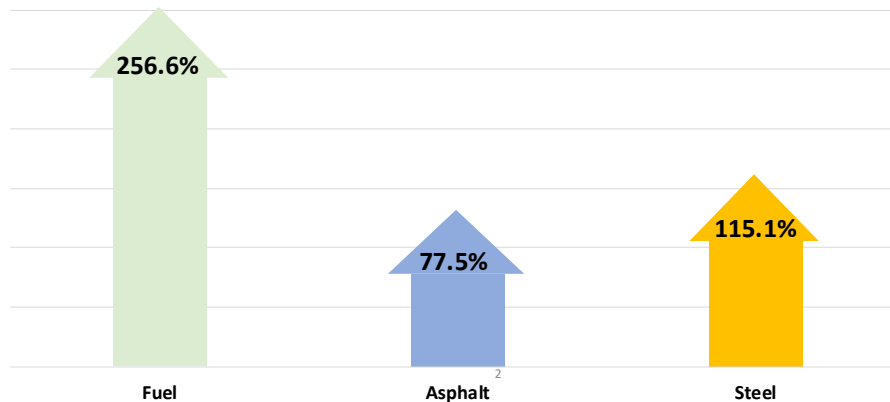
NYSDOT Capital Program (in Million \$s)	SFY Enacted 2020-21	SFY Enacted 2021-22	SFY Enacted 2022-23	SFY Proposed 2023-24	* Inflation Reduction 2022-23	* Inflation Reduction 2023-24	Inflation Adjustment 2023-24
State/Local Construction	\$2,571	\$2,340	\$2,575	\$2,599	\$2,139.8	\$2,027.22	\$3,170.78
Signature	\$1,030	\$1,410	\$850	\$1,300	\$706.35	\$1,014	\$1,586
State/Local Construction/Signature	<b>\$3,601</b>	<b>\$3,750</b>	<b>\$3,425</b>	<b>\$3,899</b>	<b>\$2,846.15</b>	<b>\$3,041.44</b>	<b>\$4,756.78</b>
Engineering/Administration	\$994	\$732	\$1,039	\$1,041	-	-	-
Preventative Maintenance	\$360	\$360	\$391	\$391	-	-	-
Right of Way	\$37	\$67	\$75	\$75	-	-	-
Facilities/Equipment	\$32	\$32	\$37	\$37	-	-	-
Other Federal	\$25	\$25	\$26	\$26	-	-	-
Rail	\$72	\$72	\$90	\$90	-	-	-
Aviation	\$17	\$17	\$27	\$27	-	-	-
Non-MTA Transit	\$125	\$85	\$160	\$160	-	-	-
CHIPS/Marchiselli	\$477.8	\$577.8	\$577.8	\$577.8	\$480.15	\$450.68	\$778.8
Local PAVE-NY	\$100	\$150	\$150	\$150	\$124.65	\$117	\$150
Local POP	-	-	\$100	\$100	\$83.10	\$78	\$100
EWR	\$65	\$100	\$100	\$100	\$83.10	\$78	\$170.1
Local BRIDGE-NY	\$100	\$100	\$200	\$200	\$166.20	\$156	\$200
Local State Touring Routes Program	-	\$100	\$100	\$100	\$83.10	\$78	\$100
Airport Program	\$100	-	\$150	\$0	-	-	-
<b>NYSDOT Plan Total</b>	<b>\$6,106</b>	<b>\$6,168</b>	<b>\$6,648</b>	<b>\$6,974</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>State/Local Construction Total</b>	<b>-</b>	<b>-</b>	<b>\$4,652.8</b>	<b>\$5,126.8</b>	<b>\$3,866.43</b>	<b>\$3,998.9</b>	<b>\$6,254.70</b>

\* The U.S. Bureau of Labor Statistics posts a producer price index for Inputs to highways and streets, excluding capital investment, labor and imports – the index value increased by 16.9% from 2021 to 2022. For 2023, it is projected to increase by 5.1% or 22% combined for 2022 and 2023.

## NYSDOT Price Adjustments

Fuel, Asphalt & Steel

July 2022 vs. July 2020



Without at least this level of funding added to the NYSDOT's core program this year, we will see significant reductions in the maintenance and reconstruction work done in every NYSDOT Region in the state. For example, in NYSDOT Region 5 (Western New York), which includes Erie, Niagara, Cattaraugus and Chautauqua counties, they are projecting more than a 50 percent reduction in paving from the 2022 season to the 2023 season. In 2022, Region 5 paved 528,000 tons of asphalt and in 2023 they project to pave only 244,000 tons. This in a region that has seen a more than 50 percent increase in poor pavement conditions since 2017. In 2017, less than 20 percent of Western New York's roads were in fair or poor condition. Just five years later, in 2021, more than 40 percent of the Region's roads are in fair and poor condition.

As you prepare the 2023-24 Executive Budget, we strongly urge you to consider adding \$1.128B to the NYSDOT core and local highway capital budgets. Fortunately, as you know, in December Congress passed the Transportation, Housing and Urban Development bill. The \$1.7 trillion federal fiscal year 2023 spending bill includes provisions that authorizes state, local, and tribal governments to use portions of their federal COVID-19 relief aid for infrastructure projects. Under the amendment, now an eligible entity may use up to 30 percent of its American Rescue Plan Act (ARPA) relief funding on eligible highway or public transportation infrastructure projects. Based on Comptroller DiNapoli's COVID-19 Relief Program Tracker, New York has directly received \$13.6B in ARPA funds and, through November 30, 2022, it had spent only \$5.3B.

Furthermore, while the five-year capital plan enacted last year did increase the overall level of investment, it grew by only \$2 billion over the five years despite an increase of \$4.6 billion dollars in federal funding during the same period of time. The current, significant erosion of the capital program as a result of inflation and material cost escalation—and the pressure Priority/Signature projects are putting on investment in the core—calls for the state to restore its previous share of funding for the program.

While we understand the state's restrained fiscal condition, we request that you use this or any other funding source you deem appropriate to increase funding for state and local highway infrastructure in your 2023-24 Executive Budget.

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