

**Testimony of Commissioner James Redeker**  
**Department of Transportation**  
**Appropriations Committee**  
**Fiscal Year 2015 Deficiency Hearing**  
**April 21, 2015 2:00 p.m.**  
**Legislative Office Building, Hearing Room 2C**

The Department of Transportation (the Department) has encountered substantial unexpected and unbudgeted costs in several appropriations this fiscal year to date, resulting in an overall projected deficiency. It is not uncommon for the Department to experience a severe winter season that leads to a budget shortfall in the Other Expenses (OE) and Personal Services (PS) appropriations. Unfortunately, this year we have also been faced with significant unbudgeted costs in the Rail Operations appropriation which were the result of events that we could not anticipate or control. We continue to evaluate each appropriation, implement cost savings measures, and make every effort to absorb a portion of these budget shortfalls within available funds. Despite these efforts, we believe that a bottom line deficiency is unavoidable.

The Department's snow and ice removal budget is based on an average 12 storms per year, and this winter season we encountered an unprecedented 19 storms, as well as 9 activities, and a 24% increase in the price per ton of salt. Winter storm costs for staff overtime, de-icing materials and contractual services, as well as fuel and equipment repair, have all exceeded budgeted amounts. A transfer of funding from PS to OE was approved by the Finance Advisory Committee in early March to replenish OE. While contributing to the deficiency in PS, this transfer allowed the Department to continue to make purchases required to maintain a safe transportation system. We have restricted OE spending to only the most critical purchases and continue to look for ways to achieve savings.

The Rail Operations appropriation is also projected to have a net shortfall. Earlier this fiscal year, the Department received an unanticipated notification from Metro North of a pending settlement between the Metropolitan Transit Authority (MTA) and the Long Island Railroad workers regarding back wages to 2010. This settlement, and also the costs of ongoing safety initiatives to be implemented in accordance with regulatory authorities were the main drivers of the initial shortfall projection in this account. The Department has worked with Metro North to achieve Fiscal Year 2015 cost savings that significantly mitigate the original deficit projection.

As a result of the efforts described above, the Department's updated overall Fiscal Year 2015 deficiency is \$18 million. The Department continues to closely monitor expenditures in all of its appropriations and will continue to work with OPM to look for ways to achieve additional savings.