



STATE OF NORTH CAROLINA
DEPARTMENT OF TRANSPORTATION

ROY COOPER
GOVERNOR

JAMES H. TROGDON, III
SECRETARY

MEMORANDUM

TO: GOVERNOR ROY COOPER

FROM: SECRETARY JAMES H. TROGDON III

DATE: JUNE 24, 2017

SUBJECT: BUDGET RESPONSE - NC DEPARTMENT OF TRANSPORTATION

The NC Department of Transportation did receive a favorable transportation budget, increasing the total appropriation for both the Highway Fund and the Highway Trust Fund. Although I am very appreciative of the funding levels provided by the budget conference process, I do want to highlight a few areas of concern.

- 1) **No Cap Lift for Light Rail Funding.** Current law has capped state funding for light rail, which was inconsistent with the Strategic Transportation Investments Law and in effect, cancelled a planned commitment of \$138 million for the Durham-Orange light rail line. A light rail system for this region would boost business development and recruitment, and also assist commuters along this growing corridor. A provision to remove the cap was present in the House version, but removed in conference – a missed opportunity for the entire state to increase our competitiveness with peer southeastern and growing states nationally.
- 2) **DMV Hearing Fees (Sec. 34.32).** The Division of Motor Vehicles currently provides hearings for revocation appeals for driving privileges free of charge. The NC General Assembly determined in 2014 that this function should now be completely receipt-supported, and has directed the DMV to institute emergency rules to solely fund this activity. We have continued to express our concern that in order to accomplish a 100% receipt-supported program would require fee levels set so high they may be cost-prohibitive.
- 3) **Charter School Transportation Grants.** The legislature has worked in the last several years to end transfers from the Highway Fund to the General Fund for non-NCDOT items. Unfortunately, this budget transfers \$2.5 million to the

Department of Public Instruction for a pilot Charter School Transportation Grant program. This item could set a new precedent for transferring Highway Funds for school transportation needs.

- 4) **Loss of Flexibility.** In one key area, this budget constrains the ability that the NCDOT has maintained in operational flexibility. The specific item which limits flexibility and agility is the elimination of 300 vacant positions. At a time when our agency is working to accelerate projects and restructure to be nimble and accessible, while already at our lowest staffing levels in more than 20 years, additional reductions in our ability to be flexible with staffing further constrains us in quickly addressing areas of need.

- 5) **IT Consolidation (Sec 37.4)** NCDOT remains concerned with the aggressive timetable of IT consolidation – a requirement due by July 1, 2018. NCDOT has one of the largest IT departments. The reliance on IT services by DMV alone makes the requirement that “the State CIO ensure that State agencies’ operation are not adversely impacted under... consolidation”, seems an almost impossible task.

NC Department of Transportation will continue to work to enhance transportation mobility and safety, and effectively maintain our existing transportation system. If enacted into law, we stand ready to implement these and all budget provisions. We are appreciative of the resources provided to us in this budget, but these are areas where improvement is possible.

Please do not hesitate to contact me if you have any questions concerning these, or other, transportation budget provisions and impacts.

Very respectfully,

 Expired certificate

X digitally signed

Signed by: jh trogdon@ncdot.gov

MG(R) JAMES H. TROGDON III PE

SECRETARY OF TRANSPORTATION