

**Testimony of
Southeastern Pennsylvania Transportation Authority**

Submitted to

**Senate Transportation Committee
Tuesday, September 17, 2024**

**Public Hearing
“Optimizing Pennsylvania’s Multimodal Transportation System”**

On behalf of the Southeastern Pennsylvania Transportation Authority (SEPTA) - the sixth largest transportation agency in the country carrying more than 700,000 trips throughout southeastern Pennsylvania each day - we appreciate the opportunity to submit testimony to the Senate Transportation Committee for a public hearing on **“Optimizing Pennsylvania’s Multimodal Transportation System.”**

Public transportation is a critical element of the Commonwealth’s broad transportation network that carries goods, services and people to destinations throughout the state. As federal COVID relief funds are exhausted, transit agencies of every size face a fiscal cliff and new state funding is critically needed.

As lawmakers and stakeholders return to the state Capitol following a brief summer recess, SEPTA looks forward to working together to achieve a stable, long-term funding resolution for public transportation. Governor Shapiro and legislative leaders have pledged publicly to resume work on a transit funding solution in September.

Over the past year, SEPTA and transit agencies serving every county in Pennsylvania worked with our local legislators, leaders and other transit stakeholders to urge passage of Governor Shapiro’s statewide transit funding plan as part of the final FY 2024-25 state budget. Ultimately the Governor’s long term solution was not included in the budget that passed the General Assembly and a one-time investment of \$80.5 million to public transportation agencies across the state was added to the final spending plan.

While we are grateful for this temporary relief, SEPTA continues to urge immediate action on long-term statewide transit funding legislation that will help to address SEPTA’s \$240 million budget shortfall. SEPTA faces structural budget challenges that can only be addressed with support for a permanent funding solution when the General Assembly returns in September.

The need for a permanent funding solution grows more urgent by the day.

Under the Pennsylvania budget enacted in July, SEPTA received a one-time distribution of \$46.2 million that will help fund operating expenses into the fall. When combined with \$6.9 million in local matching funds already committed by the five southeast counties, the additional \$53 million total provided to SEPTA is less than one-fourth of the needed funding SEPTA originally requested, and less than one-third of the \$161 million proposed by Governor Shapiro.

The Governor’s funding proposal, which was approved with a bipartisan vote in the Pennsylvania House, represents a vital lifeline for SEPTA and transit agencies across Pennsylvania. By increasing the state

share of transit operating funding by 1.75% – the first such increase since 2007 – the Governor's plan would generate an additional \$282 million per year for all transit systems without raising taxes. SEPTA supports the Governor's proposal, which would provide an additional \$161 million in needed operating assistance to SEPTA. However, this is the minimum amount needed, and the current proposal or any permanent solution must provide at least that level of dedicated funding for SEPTA to balance its budget – and preserve critical service – in the current fiscal year and beyond.

SEPTA's COVID-induced budget deficit of \$240 million now includes added costs related to a recent Federal Transit Administration (FTA) report on SEPTA's safety practices and improvements needed. The FTA's recommendations and required actions carry a price tag of more than \$35 million annually to advance new initiatives and work already underway to address key safety and security matters, staffing levels, training and operational practices.

SEPTA is taking steps now to address the funding gap.

In response to the funding gap, SEPTA continues to evaluate all options to tighten our belts and generate revenues.

On September 5, 2024, SEPTA announced a fare proposal that will generate an additional \$14 million to help address our funding gap. The plan will eliminate single trip discounts for SEPTA Key Card holders traveling on transit and Regional Rail. SEPTA performed analysis to ensure that the increases are applied fairly and equitably across the system. The proposal was also crafted to deliver some new benefits for riders, including new flexibility for transfers on transit that allow for more roundtrips on a single fare, adding new Regional Rail stations that qualify for the lowest fares. Hearings are scheduled for October 16 with a Board vote anticipated in November.

SEPTA initiated fiscal measures in August to reduce budgeted spending in FY 2024-25 by \$20 million, including a hold on employee travel, hiring and other expenses, except those related to safety measures. These efforts build on an ongoing Efficiency and Accountability Program that has already realized \$50.2 million in recurring annual revenues and cost savings.

SEPTA is reinstating and increasing parking fees this fall. Prior to the COVID-19 pandemic, parking brought in \$4.7 million in annual revenue to SEPTA. And SEPTA is also working to recover revenue lost to fare evasion, which costs the Authority millions of dollars each year. Better enforcement of existing laws, coupled with the acquisition of new fare gates, will create a more secure and welcoming environment for customers and employees traveling on the SEPTA system.

With the one-time funding provided by the Commonwealth plus agency-generated savings and new revenues, SEPTA will maintain operations into the fall, prioritizing safety, security, cleanliness and service improvements for our customers and employees. This level of service however cannot last.

SEPTA is taking steps to strengthen and improve the system.

SEPTA will continue to restore and reinvent our transit services for the state's most economically diverse and productive region. As detailed in SEPTA's FY 2024-25 Budget, one hundred and twenty-three new Regional Rail trains will be added to schedules this fall, and a redesigned bus network to deliver more customers to more destinations more efficiently will debut next summer. SEPTA ridership continues to climb because of service improvements like these. Ridership is now at 75% of pre-COVID levels, with over 700,000 trips every weekday.

SEPTA will continue progress on safe, clean, and secure efforts, including the hiring of 30 more operational safety professionals, 40 more Transit Police officers, and 100 more cleaners. SEPTA will continue to prepare for the events of America's 250th Birthday and the FIFA World Cup in 2026, which will put Philadelphia and Pennsylvania on the global stage, requiring robust reliable transit to get around.

With legislative action on needed transit funding in September, this progress can continue.

Without a solution, SEPTA will have no choice but to initiate 20% service cuts and 30% fare increases beginning in January.

We look forward to working closely with lawmakers and stakeholders advocates to advance a long-term funding solution that provides the investments Pennsylvania needs to build a 21st century transportation system across our Commonwealth that supports economic growth and expands mobility options for working families.