



City of Philadelphia

City Council
Chief Clerk's Office
402 City Hall
Philadelphia, PA 19107

RESOLUTION NO. 241075

Introduced November 14, 2024

**Councilmember O'Rourke
for
Council President Johnson**

RESOLUTION

Calling on Governor Josh Shapiro and the Delaware Valley Regional Planning Commission to stave off fare hikes and service cuts to SEPTA by flexing federal infrastructure funds from state highway projects to local transportation authorities.

WHEREAS, In July 2024, the Pennsylvania General Assembly passed a nearly \$50 billion budget that failed to secure stopgap funding for SEPTA, which is facing a fiscal cliff due to federal COVID relief funds exhausting in April 2024; and

WHEREAS, State lawmakers agreed to work towards a funding solution for state transportation funding in Fall 2024. However, as the 2023-2024 legislative session comes to an end, the Pennsylvania General Assembly will most likely adjourn without a deal to fund the state's 57 transit authorities, which in total serve a million daily passengers across Pennsylvania; and

WHEREAS, In the wake of this decision, SEPTA has been sounding the alarm about fare hikes and steep service cuts the system will have to put into place if funding is not secured. These fare hikes and service cuts will begin in January 2025 and could cause \$40 to \$50 million in annual revenue losses as the system sheds ridership; and

WHEREAS, If the state fails to secure transit funding, SEPTA could be forced to reduce service by at least 20 percent. This will lead to fewer buses and trains, longer wait times, crowded platforms and transit vehicles, understaffed stations, and "unusable service on weekends" according to SEPTA officials. People will be less inclined to take transit, exhausting our City's roadways and driving jobs out of region; and

WHEREAS, These service cuts could engender a downward spiral in ridership numbers that have already been recovering slowly from their pandemic-level nadir. This would deny

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Southeastern Pennsylvania, the Commonwealth's most productive region, safe, efficient, affordable, and accessible mass transit; and

WHEREAS, Ridership collapse will reduce farebox revenues, forcing SEPTA to raid its capital budget, which will delay projects and increase the repair backlog, potentially creating long term damage to the transit system's viability. A lack of a funding solution for SEPTA will reduce fare revenue and make SEPTA even more reliant on state appropriations; and

WHEREAS, Fares could increase by as much as 31 percent, to \$3.00 per ride from \$2.50, and TransPasses could increase to \$120 monthly. This will place an added financial burden on the hundreds of thousands of working Philadelphians who rely on SEPTA every day. These added costs could make it harder for lower income residents to access jobs, education, and essential services. Moreover, the fare hikes could deter some from using public transportation altogether; and

WHEREAS, In anticipation of the fiscal cliff, SEPTA has already implemented cost-cutting measures, raising parking fees at Regional Rail stations, and raising its stabilization and capital funds to avoid even bigger fare hikes and service reductions to this point; and

WHEREAS, Once SEPTA starts on this downward spiral, it will be nearly impossible to reverse the decline. The challenges that accumulate—be they financial difficulties, declining ridership, or maintenance issues—will only compound over time, making it increasingly difficult to restore the system to its former efficiency and reliability. These realities necessitate creative and dramatic solutions to SEPTA's funding problems; and

WHEREAS, Pennsylvania received about \$4 billion in funding from the federal Bipartisan Infrastructure Law. Though this funding is often referred to as "highway funding" because of the federal government's 80:20 recommended ratio for splitting such funding between highways and mass transit, under Title 23 the federal government has always permitted states and Metropolitan Planning Organizations (MPOs) to "flex," or reallocate highway funding from the Federal-Aid Highway Program toward transit and multimodal capital projects overseen by the Federal Transit Administration; and

WHEREAS, The two highway funding programs most commonly flexed to transit are Congestion Mitigation and Air Quality (CMAQ) and the Surface Transportation Block Grant (STBG), which MPOs like the Delaware Valley Regional Planning Commission (DVRPC) have significant authority over. But other programs can fund transit as well, including the National Highway Performance Program (the largest highway formula program) and the Carbon Reduction Program; and

WHEREAS, Flexing federal highway dollars for transit has been an effective means of steering federal investments to the local level for measures that improve transit access, particularly for underserved groups, as well as supporting transit agencies through financial challenges. Though

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flexed federal dollars can only be used for capital projects, the freeing up of money in transit agencies' capital budgets allows them to stabilize their operational budgets; and

WHEREAS, Most U.S. states rarely exercise this valuable power, with only eight “superflexers” transferring more than 4 percent of their federal highway funding to the Federal Transit Administration: New York, New Jersey, Maryland, Vermont, California, and several other western states. Pennsylvania has only flexed 2 percent of its highway funding for transit projects since 2013. Meanwhile, neighboring New Jersey leads the nation, flexing 15 percent of its highway funding for mass transit; and

WHEREAS, There is precedent for flexing highway formula funding to public transit in Pennsylvania to stave off fiscal cliffs. During a similar crisis in 2005, Governor Ed Rendell flexed money to avert transit cuts, and in 2010 he used the threat of flexing funding to prod the General Assembly into passing Act 89, a ten-year dedicated transit funding bill; and

WHEREAS, According to analysis from the Urban Institute, SEPTA could increase its operation funding by 23 percent if highway funding was flexed to public transportation; and

WHEREAS, Governor Shapiro and the DVRPC flexing state funding for highway projects towards local transit agencies like SEPTA would provide a critical source of financial support for a transit agency whose funding has been passed over through multiple rounds of budget negotiations and which has not been benefited from state authorization of counties to levy local taxes to fund transit authorities; and

WHEREAS, Flexing highway funds towards SEPTA would represent a commitment to environmental sustainability as well as investment in the region of Pennsylvania that generates the most amount of economic activity in the state. Nearly 800,000 people ride SEPTA every day, four times the amount of daily users of I-95; and

WHEREAS, While highway projects in places such as Philadelphia and Harrisburg continue to face community opposition over environmental and displacement concerns, polls suggest the public view public transit favorably and support efforts to expand service; and

WHEREAS, FIFA selected Philadelphia as the site of several World Cup matches in part because of the City's transit capacity. As 2026 approaches, Pennsylvania needs to be mindful of how important a reliable public transportation system will be to ensuring domestic and international visitors—many of the latter coming from countries with extensive and high quality mass transit systems—are able to get around the Philadelphia region without causing too much stress and congestion on our highways and road infrastructure; and

WHEREAS, A safe, clean, accessible, and reliable public transportation system is crucial to the performance of Philadelphia's economy, and serves as the primary mode of transportation for many Philadelphians. The Governor of Pennsylvania should take any step necessary to ensure SEPTA receives the funding it needs to operate at its current level of service; now, therefore be it

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RESOLVED, BY THE COUNCIL OF THE CITY OF PHILADELPHIA, That it hereby calls on Governor Josh Shapiro and the Delaware Valley Regional Planning Commission to stave off fare hikes and service cuts to SEPTA by flexing federal infrastructure funds from state highway projects to local transportation authorities.