



## **Statement for House Transportation Committee Hearing**

June 4, 2010

Three years ago, we reported to you that SEPTA was in need of both funding and reform, and both were necessary to assure the continued success of public transportation in our region.

You and your colleagues did your part then by passing Act 44; passengers did their part by paying more in fare revenue; and SEPTA has subsequently installed a new management team that has taken many of the steps needed to heed our recommendations and those of the Transportation Funding and Reform Commission. As a result, SEPTA has been able to restore service that had been cut due to inadequate funding, and the authority has done much to repair relations with passengers, local government, and other stakeholders. It has been a remarkable turnaround. Ridership increased and public attitudes towards the system are considerably improved.

While the reforms at SEPTA have taken root, the funding part of that equation was disrupted when first the recession cut into local employment and transit ridership, and then the U.S. Department of Transportation rejected your plan to fund Act 44 programs from I-80 toll revenues. That rejection left a shortfall of more than \$400 million in revenue needed to fund essential highway and transit programs benefiting the entire commonwealth. Locally, it cut SEPTA's projected revenue by \$110 million.

To their credit, SEPTA's General Manager, Treasurer, and other staff have taken a conservative approach to budgets and planning after passage of Act 44, and avoided adding service and spending money just because it was there. Service increases have been justified by rider demand and planned in a responsible and sustainable manner. We have consistently endorsed this approach.

In planning for the new fiscal year beginning next month, SEPTA recognized that the Act 44 revenue was in jeopardy, and designed a budget that could sustain current service levels even if the I-80 tolls were rejected. That budget was approved last week, but the bad news is that 22 capital projects had to be postponed because of the Act 44 funding shortfall. They include projects like replacement of aging power substations, repair of a critical bridge giving access to the Chestnut Hill West rail line, and modernization of City Hall station to make it safer and more secure. They also include system enhancements like expanded parking facilities to meet increased demand in all five SEPTA counties, restoration of service to Wawa, and the new fare collection system that will make the system more convenient for passengers while significantly reducing SEPTA's cash handling costs.

We can get by for a short period of time without these projects, but if the underfunding of SEPTA's capital needs persists beyond this year, the consequences will be bad for SEPTA, its riders, and the Pennsylvania economy. If those infrastructure repairs are put off much longer, system reliability will suffer. Power blackouts and brownouts will cause delays for tens of thousands of commuters. Bridges and other structures will deteriorate to the point of being condemned, then whole sections will be cut off from the rest of the rail system. If you think that's only going to hurt transit users in Philadelphia, you're sadly mistaken. Local traffic jams in suburban counties will become unmanageable if thousands of SEPTA commuters have to take to the roads and find alternate stations because their regular route is shut down. Everyone loses under these circumstances, even the people who've never ridden SEPTA in their lives.

The other alternative is equally bad: robbing funds from operations to pay for essential capital repairs. The operating budget is carefully balanced now, and there's no fat to be cut. Cutting the operating budget means painful cuts in service, falling disproportionately on services used by reverse commuters working for suburban employers and on services in the more remote parts of our region. Much of the progress we've made the last three years in improving the quality of service will be lost, ridership and revenue will decline, and SEPTA will once again be facing a downward spiral of decreasing service.

But if you take action now, so full funding can be in place for the coming fiscal year, we can avoid these risks, while helping to accelerate the economic recovery and put Pennsylvanians back to work. And as we learned with projects SEPTA put out to bid last year using federal stimulus grants, you can actually get more results for your dollar right now because the construction market is slack.

Therefore the time to do something to replace the toll revenues and properly fund Act 44 is now. Nobody has an option of taking a vote and saying we'll put off the aging of buses and railcars and the decay of roads, bridges and transit infrastructure for a few years until times get better and the political heat is off. There is no substitute for money when it comes to maintaining, renewing, and improving our transportation assets.

We may disagree on some other things, but SEPTA riders and SEPTA management are in this together. Highway and transit users are in this together. Philadelphia, Pittsburgh, the Lehigh Valley, and all the urban and rural counties of Pennsylvania are in this together. A fully-functional transportation network is vital to the economic and health of Pennsylvania and the quality of life for all its people.