

Testimony

Of

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Southeastern Pennsylvania Transportation Authority

**Pennsylvania House Transportation Committee Hearing
“Moving PA Forward by Investing in Roads, Bridges, and Transit”**

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Good morning, Chairman Neilson, Chairman Benninghoff, members of the Pennsylvania House Transportation Committee and members of our regional delegations and other members of the General Assembly.

Thank you for holding this series of hearings on “Moving PA Forward by Investing in Roads, Bridges, and Transit” and for closing out your schedule here in our region. I am joined by SEPTA Chief Operating Officer Scott Sauer, Transit Police Chief Chuck Lawson and Chief Planning and Strategy Officer Jody Holton.

I am honored to appear before you today as SEPTA’s Board Chair, but I began my service to SEPTA as a member of the Citizen Advisory Committee, before joining the SEPTA Board and later serving as Montgomery County Commissioner. I consider myself a SEPTA rider first and foremost, and I have tried to maintain that perspective as SEPTA navigates the most serious financial crisis in its history.

Before I begin, I want to take a moment to thank our hosts today – Transport Workers Union Local 234 – which represents 4,700 SEPTA frontline employees, more than 1/2 of the entire SEPTA workforce. SEPTA and TWU leadership may not always agree, but there is no daylight between us when it comes to securing the resources necessary to operate our service, or the safe operation of the SEPTA system. This includes the work we are doing together to respond to the recommendations and required actions in the recently released Federal Transit Administration (FTA) Safety Management Inspection (SMI) of SEPTA’s operations.

It also applies to our shared commitment to passage of the Bernard N. Gribbin Law (SB 977). This law, named in memory of SEPTA bus operator Bernard Gribbin – who was murdered last October while operating a SEPTA bus – would strengthen penalties for assaults committed against public transit operators and provide additional deterrence for acts of violence that interfere with the safe operation of public transit vehicle. As we near the one-year anniversary of this senseless tragedy, we continue to urge passage of this reasonable legislation. It is the least we can do for our frontline workers.

For those Representatives who are not from this region, I hope you have had an opportunity to ride SEPTA while you were here to see firsthand the service we provide and the professionalism of the men and women who make SEPTA run every day.

Even if you didn’t have a chance to ride, you still, no doubt, have felt the impact of SEPTA service. Maybe you represent one of the 39 Pennsylvania counties from which SEPTA has procured more than \$1.14 billion in goods and services over the last five years. As you worked to fund this year’s budget, you may have recognized how southeastern Pennsylvania generates 41% of the state’s economic output with 32% of its population on just 5% of its land – density and productivity that is only possible because of SEPTA service. The roads you drove on to get here were not impossibly congested only because SEPTA’s buses, trains and trolleys remove thousands of cars from our roads every day. The hotel you may have stayed in or the coffee shop you visited had the staff it needed to open and serve you because of affordable and reliable SEPTA service.

Today, SEPTA is averaging more than 700,000 trips every day – that’s nearly seven sold out Beaver Stadiums. Or put another way, SEPTA’s buses, trains and trolleys collectively would be the second largest city in Pennsylvania. The hundreds of thousands of riders who use SEPTA every day are the engines of our region – filling essential jobs, fueling innovation at the region’s leading universities and healthcare centers, or providing care for those in need.

In your six previous hearings, you heard that the timing and magnitude of each transit agency's fiscal cliff is different – it is not just a challenge reserved for Philadelphia and Pittsburgh. Every system and region will face deficits of different degrees of severity, but the remedies will all be similar, unsustainable service reductions and fare increases that will limit individual mobility and Pennsylvania's economic growth. I am encouraged by the Committee's focused engagement and commitment to finding solutions on an issue that is so fundamental to Pennsylvania's success, and I am thankful for the opportunity to speak in support of Governor Shapiro's transit funding proposal and everything SEPTA is doing to balance its budget through cost savings and revenue generation to avoid devastating service cuts.

This is a critical time for SEPTA. After 22 consecutive years of balanced budgets, SEPTA began its fiscal year on July 1 with a \$240 million annual budget deficit, following the exhaustion of one-time federal COVID relief funding in April.

The SEPTA Board and leadership worked closely with our regional delegation, legislative leaders, other transit stakeholders over the past year to push for passage of Governor Shapiro's statewide transit funding plan as part of the final FY 2024-25 state budget. The Governor's proposal, which was approved with a bipartisan vote in the House in March, 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. The \$161 million in dedicated funding for SEPTA is the minimum amount needed to balance its budget and preserve critical service in the current fiscal year and beyond.

SEPTA must now also budget for 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.

The final state budget that passed in July, however, did not include the Governor's full transit funding proposal. It provided a one-time investment of \$80.5 million to public transportation agencies across the state, including \$46 million for SEPTA. This is less than one-fourth of the needed funding SEPTA originally requested, and less than one-third of the \$161 million that Governor Shapiro's proposal would generate.

While SEPTA is grateful for this temporary relief, our recurring structural deficit can only be addressed through enactment of a permanent transit funding solution.

The Governor and legislative leaders have pledged publicly to resume work on a transit funding solution during the current legislative work period, and we will continue to carry our urgent funding message to Harrisburg. SEPTA has strong partners in the leaders of the City of Philadelphia and Bucks, Chester, Delaware and Montgomery counties which have already fully committed to providing local funds to match the increased state operating assistance. All they are waiting for now is the General Assembly to complete their work to ensure that their investment has the intended effect. Last week, I joined Philadelphia City Council President Kenyatta Johnson and members of Council in their call for the state to complete their work on this important matter.

SEPTA is Taking Steps to Fill the \$240 M Recurring Annual Budget Deficit

While we are optimistic about the prospects of the General Assembly reaching agreement on a long-term funding plan, SEPTA is implementing immediate cost saving and revenue generating measures to preserve current service levels and fund the investments in customer and employee safety and security, operational safety, cleaning and improving the customer experience that are included in SEPTA's FY 2024-25 budget. These are all vital priorities are for our customers, employees and stakeholders.

Earlier this month 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.

This fare action follows announcements in August of fiscal measures to reduce budgeted spending and the reinstatement of parking fees. A hold on non-essential employee travel, hiring, and other expenses, except those related to safety measures is expected to save \$20 million in the current fiscal year. These efforts build on SEPTA's Efficiency and Accountability Program, which has already realized \$50.2 million in recurring annual revenues and cost savings.

After four years of offering free parking to help attract customers back to the system, SEPTA will reinstate parking fees with a phased approach beginning September 23. Prior to the COVID-19 pandemic, parking brought in \$4.7 million in annual revenue to SEPTA.

These measures – combined with the one-time funding provided by the Commonwealth and increased matching funds from our county partners – have supported operations through the summer. However, they are not a complete or long-term solution. Once all measures are in place, SEPTA will still have a \$115 million budget gap in FY 2025. We need long-term action in Harrisburg to ensure that we can continue to deliver the SEPTA service our region needs and deserves.

SEPTA is Taking Steps to Strengthen and Improve the System

While we continue to work with our delegation and legislative leaders to secure passage of a transportation plan, SEPTA is making measurable progress on a number of safe, clean, and secure efforts. In the first half of calendar year 2024, SEPTA reported a 37 % decrease in serious crime on the system compared to the same period in 2023. SEPTA is committed to growing its police force, and the current headcount of uniformed officers is the highest in years, and as many as 40 new officers are included in this year's budget. SEPTA's Virtual Patrol Unit is monitoring activities in real-time – extending the reach and effectiveness of SEPTA's 30,000 cameras in stations and vehicles – and quickly dispatching officers to any potential issues.

SEPTA is also addressing fare evasion and quality of life violations through better enforcement of existing laws and the acquisition of taller fare gates at stations. Following the successful piloting of the new fare gates at 69th Street Transportation Center, SEPTA will expand the fare gate program to eleven additional stations by next July. In addition to increased enforcement, new signage is also being installed to advise customers of their responsibilities as riders and possible fines for violations of SEPTA's code of conduct.

SEPTA's budget also includes the hiring of 100 additional station and vehicle cleaning personnel, and the second phase "Smoke Free SEPTA" – a partnership with the City of Philadelphia commences this week. Combined, these efforts are intended to create a more secure and welcoming environment for customers and employees traveling on the SEPTA system.

SEPTA is also meeting its obligation to serve the region's mobility needs at a time when SEPTA service remains as important as ever and riders are returning in record numbers. Every month this year, average daily ridership has seen double-digit percent increases over the previous year. SEPTA reached its highest post-pandemic daily average ridership in May with nearly 720,000 daily trips, and last month, we set a post-pandemic record ridership recovery of 76 %.

To support customer needs, despite budget challenges, SEPTA is restoring and reinventing our service for the state's most economically diverse and productive region. SEPTA is continuing to expand its highly successful and industry leading Key Advantage program, which allows participating employers and institutions of higher education to provide free or greatly reduced transit fares to employees and students. Employers have a value-added benefit to recruit and retain employees while SEPTA has a budget neutral way to cultivate new customers and grow ridership. With over 55 employer partners and 95,000 participants, the program is generating increased ridership. For instance, City of Philadelphia employees – a Key Advantage partner – will take one million additional trips this year because of the benefit coupled with the return to office policy.

Next summer, SEPTA will begin implementing a new bus network designed to deliver more customers to more destinations more efficiently. Under the new network, more than 99% of riders within a 5-minute walk of a bus route today will still be within a 5-minute walk. And with recommendations from our legislative delegation, we are convening implementation working groups to help our outreach efforts.

SEPTA is Doing Everything It Can to Avoid Service Cuts

Failure to enact a long-term statewide transit funding solution, now, is the surest way to reverse SEPTA's recent progress on safety, security and ridership while triggering a death spiral of less service and higher costs that will critically compromise mobility and economic productivity. SEPTA's only available options to generate needed revenues to balance our operating budget are through fare increases – well above what was proposed earlier this month – and severe service cuts.

Without legislative action this fall, SEPTA will need to move quickly to develop a balanced budget for the remainder of FY 2025, which currently has a \$115 million deficit, and address the projected \$161 million funding gap in FY 2026 that begins next July 1. Across the board service reductions of 20 % and fare increases of more than 30 % would be required, adding barriers to mobility for those who need SEPTA most. On top of the current fare proposal, cash fares, which are currently \$2.50, would increase to at least \$3.00 per ride, and TransPasses, currently \$96.00, would rise to \$120.00 per month.

Everything we have done leading up to this point has been to avoid service cuts, but they would be unavoidable. Service on every mode would be degraded in every part of the region. Immediately, transit riders will have less reliable options to get to work, school or essential services while businesses will be less accessible to employees and customers. In the near term, the region's ability to serve as a world-class host for major global gatherings such as the World Cup and other events and celebrations connected to the nation's 250th birthday celebration in 2026 will be gutted. Over the long term, job losses and congestion increases will make the region permanently less competitive. The service cuts and

fare increases of a scale necessary to balance SEPTA's budget will be nearly impossible to undo and will have serious long-lasting impacts on our customers and the region's economy. Restoring staffing levels, fleet sizes, and service patterns once they are cut will take years. Members of the Save the Train Coalition representing Chestnut Hill West Line riders are here today underscoring the impact to riders and communities of major service reductions.

As mentioned earlier, the City of Philadelphia and our county partners have all committed to providing local funds to match the increased state transit operating investment, and SEPTA is grateful that they have stepped forward in such a prominent way. We also join them in support of legislation that would expand the menu of options available for counties to invest in transit service and capital projects that are needed to make Pennsylvania more competitive in the future. SEPTA works closely with each county to prioritize state of good repair needs and projects of regional significance, and I want to thank Representatives Waxman and Hohenstein for introducing local funding options legislation – House Bill 902 and House Bill 1307, respectively – that would provide a much needed pathway for counties to develop funding models that best fit their needs.

In your month-long tour across the state, this Committee has heard experts and advocates tell you how critical this moment is for transportation in Pennsylvania, particularly public transportation. I am grateful for the many businesses, labor unions, organizations and advocates who have added their voices to the growing call for immediate action on dedicated, long-term transit funding.

The coming weeks are pivotal for public transportation in Pennsylvania. For employees and students who need reliable and affordable transit service to get to work or school. For senior citizens who need access to essential services. For the businesses whose existence depends on SEPTA for employees and customers. And for a state and region that is 18-months from welcoming the world for the biggest celebrations in a half-century.

The cost of inaction is too high.

I look forward to working closely with the members of this Committee, legislative leaders and the Governor 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.

Thank you.