

TRANSIT

2010 Report Card for Pennsylvania's Infrastructure

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In recent years, transit use has increased faster than any other mode of transportation. Use of commonwealth-supported public transportation increased by more than 4 percent from 411 million trips in FY 2007 to 428 million trips in FY 2008. Approximately 15,000 people are directly employed by state-supported transit providers and many more are employed by Pennsylvania's extensive network of suppliers to the transit industry. The 4 percent increase in transit ridership in 2008 saved more than 186 million gallons of gasoline. In the past, the overall financial underpinning of the commonwealth's transit program was weak and the program structure was dysfunctional. Unless a long-term funding solution is found, transit system users throughout the state will face significant service reductions, fare increases and reduced mobility, including senior citizens and persons with disabilities. Overall, congestion will increase, air quality will suffer and the condition and performance of our highway and bridge network will deteriorate. Act 44 was passed by the Pennsylvania Legislature in July 2007 to establish a long-term funding stream to address Pennsylvania's transportation funding crisis. However, as of April 6, 2010, the federal government has denied the state's application to toll I-80, a measure which was to provide more than \$450 billion annually to the transportation budget.

BACKGROUND

In 2009, there were 74 transit agencies in the commonwealth, serving all 67 counties. The largest, serving the Philadelphia region, is the Southeastern Pennsylvania Transportation Authority (SEPTA), which is the fifth largest in the nation accounting for more than 324 million passengers in FY 2008. Other systems range in size from the Port Authority of Allegheny County with more than 66 million riders in FY 2008, down to small urban and rural systems and systems that carry predominantly social service clients on para-transit vehicles. Pennsylvania's transit agencies spend more than \$1.08 billion annually for operating expenses and approximately \$500 million for capital improvements.

Pennsylvanians, like most Americans, have spent the last five decades moving farther and farther away from urban centers in search of affordable housing. These rapidly growing communities, offering a perceived lower cost of living, resulted in a move of millions of American families to the suburbs. But a recent study by the Center for Neighborhood Technology computed a formula that factors in transportation costs, yielding a very different portrait of affordability. By using this model, many communities deemed affordable by conventional metrics are actually unaffordable. The rapid increase in transit ridership and the unprecedented decrease in auto vehicle miles traveled experienced in 2008, when the price of gasoline rose above \$4 a gallon, seem to indicate that the continually increasing cost of gasoline will create greater demand for public transit, especially for those who commute to a city center.

CONDITIONS

The increasing cost of oil, environmental concerns and traffic congestion are ongoing quality of life problems which continue to justify support for transit. While new investment brings badly needed transit service to more Pennsylvanians, existing systems continue to require reinvestment to replace aging infrastructure; thus, the revenue that is available is spread more thinly. These conditions, together with an uncertain federal funding future, raise serious concerns for transit.

The Governor's Transportation Funding and Reform Commission Report, issued in November 2006, found that the loss of federal operating funding, the reliance on limited state revenue sources and the impact of inflation have resulted in operating shortfalls for transit systems statewide. The effects of these revenue shortfalls have been exacerbated by the long-term dramatic growth in costs for items such as fuel and healthcare, and financial market conditions that have reduced interest income and increased pension costs. Similarly, shortfalls in transit capital improvement funding have produced an investment backlog. Federal and state capital funding have been insufficient to maintain a state of good repair for transportation assets and to invest in technology and other high return-on-investment projects.

Unless a long-term solution is found, transit system users throughout the state will face significant service reductions and fare increases. In addition, this will reduce mobility for all Pennsylvanians, especially for those who most need public transit: senior citizens and persons with disabilities. Our cities' ability to compete economically will also suffer. Overall, traffic congestion will continue to increase, air quality will decline and the condition and performance of our highway and bridge network will continue to deteriorate more quickly.

FUNDING

The Governor's Transportation Funding and Reform Commission Report stated that the overall financial underpinning of the commonwealth's transit program was weak and the program structure was dysfunctional. Past modifications to the state's transit subsidy programs produced disappointing revenue results and unintended consequences, such as nonsensical fare structures, weak asset maintenance practices and the inability to expand service in growing areas.

Act 44 was passed by the Pennsylvania legislature in July 2007 in order to overhaul the commonwealth's transit program to create a new state-local partnership where local communities and transit agencies manage their operations using effective performance measures and solid business practices. The act was to establish, for the first time ever, an inflation-sensitive, long-term funding stream to address Pennsylvania's transportation funding crisis. Based on traffic and revenue forecasts, the act would have provided approximately \$60 billion for transportation over the next 50 years.

However, as of April 6, 2010, the federal government rejected Pennsylvania's application to convert I-80 to a toll road, leaving a funding gap of more than \$450 billion annually in the transportation budget. While other provisions of Act 44 have provided more than \$2 billion in transportation funding, revenues will drop sharply as of July 2010. The Pennsylvania Legislature is now faced with the task of coming up with new sources of funding to cover the critically underfunded transportation needs of the state, including \$110 million that was to go to the SEPTA system. This shortfall places transit funding and the funding of the whole surface

transportation network in Pennsylvania in serious jeopardy with an untold impact on the economic prosperity of the entire state.

POLICY OPTIONS

The commonwealth must change its transportation behavior, make use of the latest technology, and most importantly, increase transportation investment at all levels of government. Cities and communities should be better planned to reduce dependence on personal vehicles for errands and work commutes, and businesses must encourage more flexible schedules and telecommuting. In the 2006 *Report Card for Pennsylvania's Infrastructure*, the Pennsylvania sections of ASCE advocated for solutions that would ease the increasing demands on Pennsylvania's transportation system and improve transit conditions, capacity and safety. The state Legislature responded to this call to action by passing Act 44; however, without the provision for tolling I-80, Act 44 will have little impact. No alternative plan for funding is in place, although Governor Rendell is planning to call a special session of the Legislature to discuss possible solutions.

RECOMMENDATIONS

ASCE's Pennsylvania sections support the following recommendations. In light of the denial of I-80 tolling, Pennsylvania must quickly come up with an alternative plan to cover the more than \$450 billion annual shortfall that now faces the state. Possible solutions include a state sales tax on fuel, tolling additional highways, tolling at the state line, a state sales tax on vehicles, a vehicle-miles-travelled fee (VMT) on motorists, and the removal of Pennsylvania State Police funding from the motor license fund, freeing up \$576 million a year for transportation infrastructure funding.

SOURCES

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ASCE Policy Statements:

- ASCE Policy Statement 149: [Intermodal Transportation Systems \(PS 149\)](#)
- ASCE Policy Statement 382: [Transportation Funding \(PS 382\)](#)
- ASCE Policy Statement 494: [Public Transportation \(PS 494\)](#)
- ASCE Policy Statement 495: [Operation and Maintenance of Transportation Systems \(495\)](#)
- ASCE Policy Statement 496: [Innovative Financing for Public Transportation Projects \(PS 496\)](#)