



TRANSPORTATION

With Public Transit on the Brink, Some States Prepare to Boost Funding

A few states are proposing massive cash infusions to help struggling transit systems. But most aren't — at least not yet.

Feb. 1, 2024 • **Jared Brey**



Riders board the MBTA Green Line heading to Heath Street as it stops at Lechmere Station. Amanda Sabga/TNS

In Brief:

The governors of Pennsylvania and Massachusetts have proposed hundreds of millions in new funding to support their states' biggest transit

systems.

- Transit ridership is far lower than it was before the pandemic, which has created ongoing budget deficits at the biggest agencies.
- Not all lawmakers are in the mood to bail out transit systems that they see as underutilized and sometimes dangerous.

Many of the biggest public transit systems in the U.S. are weighing the prospect of damaging service cuts and fare increases in the face of dire budget shortfalls in the coming months. They're increasingly looking to state lawmakers for help.

Last month, two governors proposed increasing state support for their biggest transit systems by roughly \$300 million apiece. The proposals from Democratic Govs. Maura Healey of Massachusetts and Josh Shapiro of Pennsylvania arrived in the wake of major cash infusions from **California** and **New York** last year to help their transit agencies plug serious budget holes, either temporarily or long term.

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Other big systems, including those in Chicago and Washington, D.C., are still hunting for solutions as they anticipate budget gaps starting later this year and growing into the future. Even in places where states have offered additional support, many transit leaders and advocates say they're only beginning to navigate their long-term funding challenges.

Transit ridership was gradually declining in the U.S. in the 2010s, but it cratered during the COVID-19 pandemic. Riders have returned slowly to most systems, as a broad shift to remote work has altered worker commutes — traditionally the main driver of transit ridership. Across the country, ridership was about 27 percent lower in the third quarter of 2023 compared to the same period in 2019,

according to data collected by the American Public Transportation Association.

The biggest transit systems, which rely most heavily on fares, have suffered big losses in revenue. The federal government provided emergency funding to prop up transit operations during the pandemic, but those sources are beginning to expire.

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State and local officials are now forced to decide how to invest in public transit services, which have wide-ranging economic, environmental and mobility benefits for regions but are grappling with tough questions about public safety and basic usefulness in the wake of the pandemic.

“There is a general need for local and state governments to play a bigger role in providing funding streams that can be counted on for years to come,” says Mary Buchanan, a research manager at TransitCenter, an advocacy group based in New York. “We want to see states stepping in and making transit agencies’ funding models more sustainable and more diverse in terms of the number of funding streams that they’re relying on.”

New Sources of Funding in Boston

It’s not just fewer riders but also a shortage of workers that have plagued transit systems over the last few years. Many vehicle operators quit or retired during the pandemic, and transit systems, like other public agencies, have struggled to attract and retain new workers.

One report last summer **suggested** that the Massachusetts Bay Transportation Authority (MBTA) in Boston was understaffed by about 25 percent and needed at least 2,800 more workers to maintain safe operations. The agency has had a string of **safety-related incidents**, including crashes, derailments and an investigation by the Federal Transit Administration resulting in some subway downs and slow zones. The system carried an average of 687,000 daily riders

in December, down from an average of 1,105,000 in December 2019.

Transit supporters in Boston say the state didn't invest enough in the T during the two terms of former GOP Gov. Charlie Baker. It was "eight years of a roller coaster: Not all bad but certainly not great," says Jarred Johnson, executive director of the Boston-based advocacy group TransitMatters.

Underfunding issues go much farther back. State lawmakers dedicated a portion of sales tax proceeds to the MBTA in 2000, but over the following decades, the tax brought in far less money than projected, depriving the system of at least \$8.9 billion since then, according to **a recent report**.

The MBTA is one beneficiary of a **new tax on millionaires** in Massachusetts, receiving \$186 million from the tax in its first year. Healey has proposed increasing total state support for the system by more than \$300 million. (She called it a "doubling" of state funding in a recent speech, but it's **not exactly that**.) The additional funding would help the MBTA survive the next year without major cuts. But it still faces budget deficits in future years, even if Healey's proposal is approved.

Democrats control both chambers of the Legislature, but this year's budget negotiations will take place in the context of **lower-than-expected tax collections** for much of last year. Healey has **framed** her budget as "tightening the belt," so all spending proposals could be in for extra scrutiny.

Healey recently **convened a task force** to develop long-term solutions to transportation funding challenges. "I doubt that we will have everything sewed up and all the questions answered and all that," Johnson says, "but I hope that next year we're no longer kicking the can down the road."



A SEPTA bus picks up passengers at the corner of 15th and Market Streets in Philadelphia.
Alejandro A. Alvarez/TNS

Funding and Safety Issues in Philadelphia

Other states are also trying to address short- and long-term funding challenges. Illinois lawmakers last year **commissioned a report** from a metropolitan planning organization on ways to stabilize and improve transit services in the Chicago area. The Washington Metropolitan Area Transit Authority in D.C. is hoping to get a dedicated source of funding after relying on year-by-year allocations from Maryland, Virginia and the District of Columbia for the last half-century.

The Southeastern Pennsylvania Transportation Authority (SEPTA) in Philadelphia has warned that it may need to raise fares and cut bus frequencies and even some entire train lines later this year without additional state funding. State lawmakers finished the budget negotiations late last year without a deal to help SEPTA avoid its fiscal cliff.

Advocates have pushed Gov. Shapiro to commit to helping the system avoid cuts.

Earlier this week, Shapiro announced a **plan** to increase the share of the state sales tax that is dedicated to transit, estimating a \$282 million increase in funding for state transit systems next year. SEPTA has recovered about 72 percent of bus riders — and only about 55 percent of subway and regional rail riders — since before the pandemic. Shapiro’s proposal would help SEPTA navigate an estimated \$240 million annual budget shortfall.

“We’re excited to stay alive to fight another day,” says Steph Davis, chair of the Philadelphia-based urbanist group 5th Square, which advocates for greater transit funding as part of **a statewide coalition**.

Still, it’s far from a done deal, and the proposal would only help SEPTA fill in its anticipated gaps. Pennsylvania’s Legislature is split politically, with Republicans in control of the state Senate and Democrats holding a one-seat margin in the state House (when vacancies aren’t creating a tie).

Some lawmakers in Pennsylvania — and all over the country — have raised alarms about the state of public safety on transit systems, with big upticks in problems such as smoking and drug use since the pandemic. Pennsylvania lawmakers passed a bill **appointing a special prosecutor** for crimes that occur on or near SEPTA properties, taking some power away from Larry Krasner, Philadelphia’s progressive district attorney. Some are likely to oppose new funding for SEPTA.

“Supporting SEPTA’s request for increased state subsidy is a challenging argument to make, especially in light of Philadelphia District Attorney Krasner’s inability to maintain law and order throughout America’s sixth largest city,” state Senate Majority Leader Joe Pittman said in **a statement** after Shapiro’s announcement. “No amount of increased subsidy can restore customer confidence in making use of the network, given the raging crime crisis Krasner perpetuates.”

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