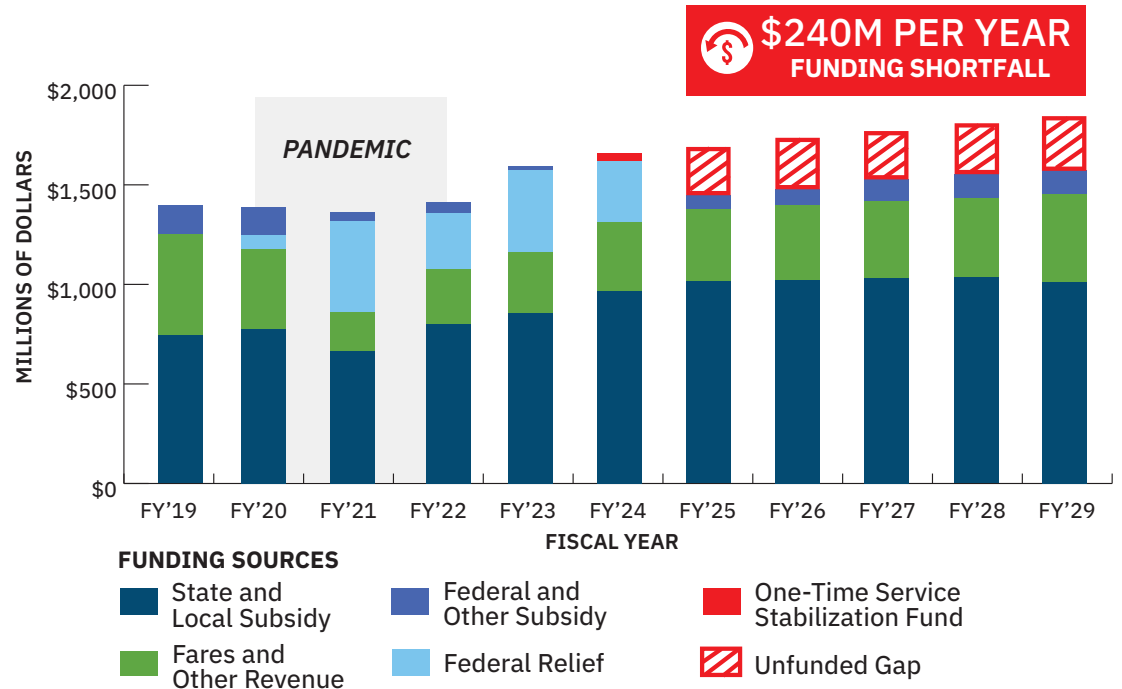


REGION ON THE BRINK

THE FISCAL CLIFF SEPTA'S LOOMING OPERATING BUDGET CRISIS

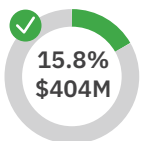
SEPTA has entered the final year of its one-time, non-recurring federal COVID relief funding, which will be exhausted by April 2024.

Without the COVID relief funding, SEPTA will be facing a “fiscal cliff” starting in FY’2025 which begins on July 1, 2024. The magnitude of the resulting budget deficit is forecast to be approximately \$240 million, representing 14.2% of SEPTA’s operating expenses.

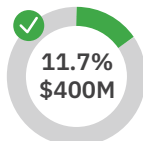


Transit agencies around the country are facing a similar dilemma, with *more than two-thirds of large agencies projecting deficits between 10-35% of annual operating expenses by FY'2026 as COVID relief funding ends.*

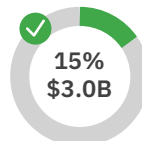
STATES ARE TAKING ACTION TO FUND TRANSIT AGENCIES AS COVID RELIEF FUNDING ENDS



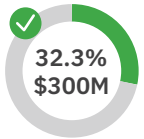
MBTA (BOSTON)
FUNDING ENDS MID 2024
Ridership Recovery: 65%
Funding Status: State funding approved



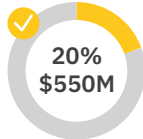
LA METRO (LOS ANGELES)
FUNDING ENDS MID 2024
Ridership Recovery: 74%
Funding Status: Additional State funding approved



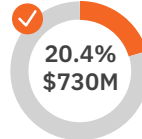
NY MTA (NEW YORK)
FUNDING ENDS EARLY 2025
Ridership Recovery: 77%
Funding Status: City/State funding approved; 4% fare increase



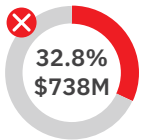
BART (SAN FRANCISCO)
FUNDING ENDS MARCH 2025
Ridership Recovery: 41%
Funding Status: Additional State funding approved; ballot in 2026



NJ TRANSIT (NEW JERSEY)
FUNDING ENDS EARLY 2025
Ridership Recovery: 79%
Funding Status: Flexing capital



CTA/METRA/PACE (CHICAGO)
FUNDING ENDS EARLY 2026
Ridership Recovery: 60%
Funding Status: Cash reserves prohibited



WMATA (WASHINGTON DC)
FUNDING ENDS EARLY 2024
Ridership Recovery: 66%
Funding Status: Funding TBD; additional 5% fare increase

✓ Additional State/Local funding approved

✓ Flexing Capital

✓ Cash Reserves Prohibited

✗ Additional funding to be determined

✗ SEPTA (PHILADELPHIA)



COVID RELIEF FUNDING ENDS
APRIL 2024



RIDERSHIP RECOVERY
64%



FUNDS NEEDED IN FIRST YEAR
14.2% (\$240M)



FUNDING STATUS
TO BE DETERMINED

SEPTA

FORWARD >>>

Southeastern Pennsylvania Transportation Authority
Serving Bucks, Chester, Delaware, Montgomery, and Philadelphia counties

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Like its peers, SEPTA has put in place several programs to mitigate this deficit. Most notably, a highly successful Key Advantage program is increasing revenue through ridership growth, and an Efficiency & Accountability Program is cutting costs and creating value across the organization. **However, the magnitude and immediacy of the fiscal cliff is such that *no amount of ridership growth or efficiency gains can fully close the gap that SEPTA is facing.***



WITHOUT ADDITIONAL STATE AND LOCAL FUNDING, SEPTA WILL HAVE NO CHOICE BUT TO IMPLEMENT SIGNIFICANT SERVICE CUTS OF UP TO 20% AND/OR FARE INCREASES OF UP TO 31%.



SEPTA could temporarily avoid doing so by raiding its capital program or rainy day fund, or cutting programs designed to enhance the customer experience. Hundreds of layoffs and furloughs, hiring or pay freezes would be considered in any scenario where SEPTA crosses the fiscal cliff. These measures to balance the deficit will create a death spiral of higher fares and degraded service, denying Southeastern Pennsylvania – the Commonwealth's most productive region – safe, efficient, affordable and accessible mass

transit. Without SEPTA, \$254.7 million in tax revenue will evaporate from state and local coffers as property values will decline, jobs will disappear, and the region will become more congested and less competitive. In addition, \$171.1 million will accrue in social and environmental costs associated with less transit ridership and more highway congestion. Combined, the \$425.8 million impact of service cuts and fare increases far exceeds the magnitude of SEPTA's \$240 million operating budget deficit.

In other words, allowing SEPTA to go over the fiscal cliff and forcing service cuts and fare increases to close the operating budget deficit will result in a net loss to society – less transit, and a less economically productive, socially equitable, environmentally sustainable region moving forward.

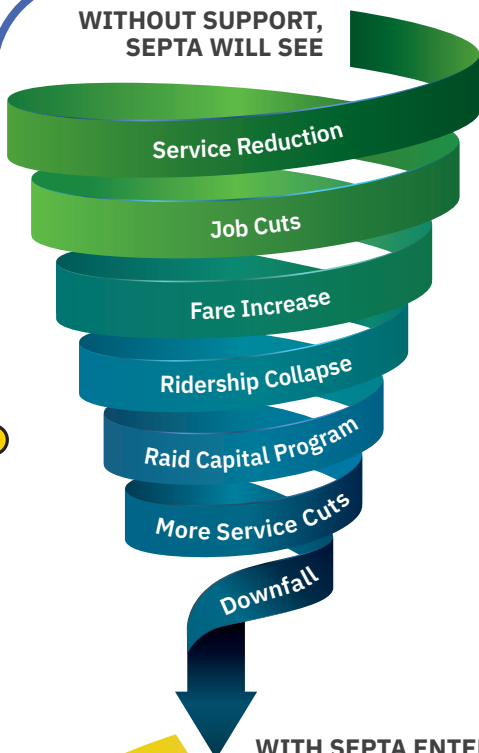
Providing additional funding is the preferred alternative. In 2026, the eyes of the world will be on Philadelphia, which will be an American epicenter for the celebration of the **United States' 250th birthday**. Philadelphia and the region will be hosting up to a half-dozen World Cup games, the Major League

Baseball Allstar game, the PGA Championship and US Amateur Golf Tournaments. Without additional state/local funding come 2026, SEPTA will be amid dismantling the region's transit system as people arrive from all over the globe. ***Once this dismantling begins, it will be nearly impossible to reverse.***



SEPTA IS ASKING PENNSYLVANIA LAWMAKERS TO ACT NOW TO INCREASE THE ALLOCATION OF PA SALES TAX RECEIPTS FROM 4.4% TO 6.4% TO PUBLIC TRANSPORTATION SO THAT SEPTA AND TRANSIT SYSTEMS ACROSS THE STATE CAN MEET THE IMMEDIATE AND FUTURE NEEDS OF OUR SYSTEMS AND OUR COMMUNITIES.

WITHOUT SUPPORT,
SEPTA WILL SEE



Insufficient funding will lead to service reductions



Service reductions mean that fewer workers are needed, triggering job cuts, layoffs, hiring freezes, and furloughs



Insufficient funding will also require inequitable fare increases, forcing more riders to abandon transit



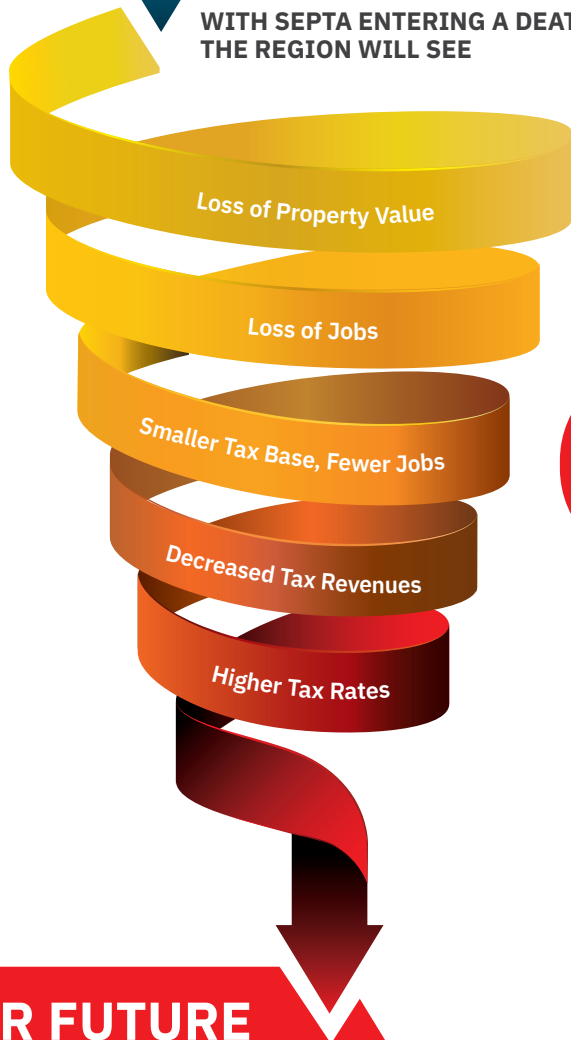
Ridership collapse will reduce farebox revenues, forcing SEPTA to raid the capital program, which delays projects and increases the repair backlog



Insufficient capital funding to keep the system safe and reliable will lead to additional service cuts and contribute to SEPTA's decline

SERVICE CUTS WILL TRIGGER A SEPTA DEATH SPIRAL

WITH SEPTA ENTERING A DEATH SPIRAL,
THE REGION WILL SEE



SEPTA's death spiral will trigger reductions in household values and local tax bases, especially near transit



Transit ridership collapse will increase congestion and drive jobs out of the region

Fewer jobs, smaller tax base will result in up to \$254.7M in lower tax revenues to state and local governments

- \$134.3M income, sales and business taxes
- \$112M property taxes
- \$8.4M real estate transfer taxes



Local and state governments must seek higher tax rate solutions to balance budgets, making the region less competitive and contributing to its decline



Without additional transit funding, southeastern Pennsylvania will be less productive and less prosperous

TOTAL TAX REVENUE LOSS TO THE REGION AND PA

\$254.7M (ANNUAL)

**OUR FUTURE
IS AT STAKE RIGHT NOW.**

SEPTA IS DOING ITS PART.
STAKEHOLDERS HAVE LINED UP IN SUPPORT OF THIS REQUEST.
WE NOW NEED OUR PARTNERS IN HARRISBURG TO TAKE ACTION.