



## **“Plan B” is the Wrong Choice**

A statement for the SEPTA FY 2008 operating budget and fare hearings  
April 2007

The Delaware Valley Association of Rail Passengers opposes SEPTA’s “Plan B” contingency plan for balancing the FY 2008 operating budget in the absence of \$100 million in additional state operating subsidy. While the across-the-board service cuts and fare increase are less harmful than the 2005 proposal to eliminate entire routes, we still think Plan B is tactically unwise. Opponents of public transit funding in Pennsylvania could take it as evidence that SEPTA does not need additional funding, and the region can get along with the reduction in service. DVARP agrees with testimony at these hearings that the service cuts will cause serious hardship to vulnerable persons, bring harm to the environment, and cripple the region’s economy. Therefore we agree with the City of Philadelphia that SEPTA should continue to operate its entire system in a responsible and efficient manner until the money runs out, then shut down altogether.(i)

The need for additional funding is real. Even after years of analyzing SEPTA budgets and operations, we find no easy ways for SEPTA to balance the budget without increased funding. The primary root cause of the present deficit is that operating subsidies from all levels of government have failed to keep up with rising expenses in what is a labor-intensive business. Past emphasis in Harrisburg on short-term fixes instead of long-term solutions have only cause the problem to grow.

While we have suggested a variety of ways for SEPTA to reduce expenses without significant adverse effects on passenger service, such as revising or abolishing commuter rail line pairings,(ii) overhauling the system of street supervision for surface routes, (iii) and making small, strategic capital investments in projects with a quick payback, they will not be sufficient to balance the budget. Even more controversial measures like reducing SEPTA medical benefits costs to levels comparable to private-sector employers will yield savings only in the tens of millions of dollars, while the projected deficit in the operating budget is over one hundred million dollars.(iv)

We do not dispute the findings of past audits that SEPTA has made significant progress in controlling costs, but we reject management’s spin that the audits give SEPTA a clean bill of health. To the contrary, the audits left a number of functional areas unexamined, (v, vi, vii) used comparisons and metrics favorable to SEPTA, (vii) and did identify areas of deficient performance, particularly in planning management of capital projects: criticisms that validate what we have been saying about SEPTA for years.(viii, ix)

The audits also point to the need for basic restructuring of SEPTA, particularly to increase accountability (x) and better align board representation with SEPTA ridership.(xi, xii) In our 2005 white paper on the state of the system, (xiii) DVARP analyzed options for restructuring SEPTA. Rather than endorse any specific plan, the report identified goals for a restructuring. DVARP will support whatever plan meets those goals, particularly the separation of commuter rail operations management from

transit management. The current SEPTA board and management can either accept the need for change and take part in it, or it can resist change and have restructuring imposed on it by the legislature as a condition of any new funding.

We do understand that increased passenger revenue must be included in a comprehensive fiscal solution for SEPTA. The "Plan A" fare increases are evenly and fairly balanced across SEPTA's operating divisions, and they are in line with inflation, so they are acceptable to DVARP. We would rather they not be necessary, and will continue our efforts to analyze the operating budget and suggest ways for SEPTA to reduce costs without adversely affecting passenger service.

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i Testimony of Joyce Wilkerson, Philadelphia City Planning Commission. SEPTA Operating Budget Hearing, Philadelphia, April 12, 2007.

ii "SEPTA Needs Funding and Structural Reform, Not Mindless Service Cuts." DVARP statement on Fiscal Year 2004 SEPTA operating budget.

iii "Balancing the Budget is Not Enough." DVARP statement on Fiscal Year 2003 SEPTA operating budget.

iv PBS&J. "A Study of Southeastern Pennsylvania Transportation Authority Submitted in Accordance with the Provisions of House Resolution No. 538." October 2006 (House Transportation Committee Report), p. vii.

v Pennsylvania Transportation Funding and Reform Commission. "Transit Agency Operational Audit: SEPTA." January 2007 (Reform Commission Audit), p. 2.

vi House Transportation Committee Report, p. 7-2.

vii Matthew Mitchell. "You Can't Find What You Aren't Looking For." in The Delaware Valley Rail Passenger, January 2005, p. 1.

viii Pennsylvania Transportation Funding and Reform Commission. "Investing in the Future: Addressing Pennsylvania's Transportation Funding Crisis." November 2006. (Reform Commission Report), p. 38.

ix House Transportation Committee Report, pp. 7-3, 7-4

x House Transportation Committee Report, p. ix.

xi Reform Commission Report, p. 36.

xii Reform Commission Audit. p. 14.

xiii Delaware Valley Association of Rail Passengers. The System is Broken: A Case for Reforming SEPTA. January 2005.