ALLEGHENY INSTITUTE FOR PUBLIC POLICY

April 2, 2025 **Policy Brief: Volume 25, Number 12**

PRT's Doomsday Scenario

Summary: The Pittsburgh Regional Transit (PRT) board voted to approve a period of public comment on proposed service reductions and fare increases to address a $100 million budget deficit in Fiscal Year (FY) 2025-26. These changes and increases would affect both fixed route and paratransit services. As the Allegheny Institute has pointed out over the years, PRT's bus expenses are among the highest in the nation.

To put PRT's costs into perspective, the National Transit Database's listing of the top 50 mass transit agencies (in terms of ridership) shows that fixed-route bus service was provided by 43 of these agencies in 2023. In *Policy Brief Vol. 18, No.13,* it was noted "operating expense per [vehicle] revenue hour should be considered the best cost measure since that is the fundamental cost of providing the service." PRT reported a bus operating expense per vehicle revenue hour of $258.02. This was sixth-highest of the agencies. The average for the remaining agencies was $188.52.

PRT operated just over 1.4 million annual bus vehicle revenue hours. If PRT was operating at the average expense of the 42 other agencies, its bus expenditures would amount to $267 million, or $98 million (27 percent) lower than its actual 2023 expenditure of roughly $365 million. These savings alone would cover nearly the entire anticipated deficit.

Included in the group of the 42 other agencies are nine that PRT has utilized for its "peer agency selection" in its annual service reports—including agencies in Cleveland, Minneapolis and Seattle. The average operating expense per vehicle revenue hour for the nine agencies was $195.52—24 percent lower than PRT, which was the most expensive.

It is possible to evaluate the assumption that fixed-route bus service cost and cost of living in the cities are correlated by using the Bureau of Economic Analysis' Regional Price Parities (RPP) State and Metro Area Index which assigns a value of 100 to the U.S. Pittsburgh's RPP ranked fifth from the bottom at 94.442, while the group average excluding Pittsburgh was 106.3. On bus operating expense, PRT ranked only behind agencies in much higher cost-of-living cities—such as Boston and New York City.

However, there are many higher cost-of-living cities with agencies with lower bus operating expense per vehicle revenue hour than PRT—such as Denver and Los Angeles.

While the solicited public comments might include the cost side of the equation, it is likely that much of what the board will hear is how each route is important and none can be cut. Up for discussion would be a base fare increase of $0.25 from $2.75 to $3.00, the elimination of 41 routes, major or minor reductions to 54 routes, no change to two routes and service increases to two routes. Two bus garages, 10 park-and-ride lots and the Wabash Tunnel would be closed. The bus line redesign project, which was underway even though PRT officials have said the budget crisis was a long time in the making, would be shelved.

In a presentation to a PRT committee on March 20, PRT officials explained their decision-making process for service reductions. Their highest priority cuts were on routes that were "very low efficiency" (less than 100 riders daily) followed by routes with significant overlap with others.

PRT's FY 2023-24 service report shows the mode, the nature of the service, the percentage change in weekday ridership from FY 2022-23 as well as the FY 2023-24 cost per rider on each route. It's also worth noting overall bus ridership is down over 35 percent since 2019. Of the 41 eliminated routes, 22 are commuter bus routes, which connect major job centers. On average, weekday riders increased 4.1 percent and the cost per rider was $21.66. Eight routes increased weekday ridership by 10 percent or more with the highest being a 56 percent increase. Nine routes had a decrease in weekday riders with the most significant being a 21 percent decrease. Ten routes reported a cost per rider of $25.00 or greater and are set to be eliminated. One is the Silver light-rail line.

Of the 34 routes set for a major reduction in service (30 percent or greater reduction in weekday service hours) all are bus routes with the exception of the Red light-rail line. Thirty bus routes are either local or coverage (these routes have no fixed guideway and have average weekday ridership of 1,000 or more or 1,000 or less, respectively). On average, weekday riders decreased 1.1 percent and the cost per rider was $14.37.

Twenty routes in line for a minor reduction (less than 30 percent reduction in weekday service hours) are all bus routes with the exception of the Monongahela Incline. Sixteen of those bus routes are local. On average, weekday riders increased 0.3 percent and the cost per rider was $9.96. One route has a cost per rider of $20.79. Of the 15 routes with the lowest cost per rider, 12 will receive only minor reductions.

Even though PRT already receives subsidies from federal, state, county governments and the Regional Asset District, the press release announcing the reductions specifically blamed state funding that is "no longer able to meet the needs of Pennsylvania's second-largest transit agency."

In PRT's current budget, the commonwealth provided $302.1 million (56 percent) of the $539 million in subsidies and operating revenues. Similar to the current fiscal year, Pennsylvania's proposed FY 2025-26 budget includes a planned additional transfer of sales and use-tax dollars for mass transit. PRT would receive roughly $40 million were this proposal to pass; for FY 2025-26 PRT says its anticipated deficit would be $100 million, well in excess of the amount from the transfer.

So, does that mean the state will have to dig further? Note that last year the state's largest transit agency – the Southeastern Pennsylvania Transportation Authority (SEPTA) – also planned service cuts and a fare increase only for the governor to flex $153 million in federal highway funds, which delayed those actions. According to news reports, there were seven highway projects not yet under construction from which the money was taken. All but one were outside of SEPTA's service area.

Flexing federal funds, especially those meant for projects outside Allegheny County, is not a sustainable solution to PRT's growing deficit. PRT's expenses are out of line and changes are long overdue. Hopefully, the Legislature will emphasize cost containment instead of business as usual.

Eric Montarti, Research Director **Alex Sodini, Research Associate**

Allegheny Institute for Public Policy
305 Mt. Lebanon Blvd.* Suite 208* Pittsburgh PA 15234
Phone (412) 440-0079
E-mail: aipp@alleghenyinstitute.org
Website: www.alleghenyinstitute.org
X (Twitter): AlleghenyInsti1