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Transportation debate déjà vu

Summary: In 2013, the Port Authority of Allegheny County (now Pittsburgh Regional Transit, or PRT) was facing a "death spiral of budget deficits and service cuts" without access to more state funding. Now, in 2025, as the wait for a state budget continues with no agreement over new transportation funding, once again fare increases and service cuts loom over PRT and the Southeastern Pennsylvania Transportation Authority (SEPTA).

Background

Policy Brief Vol. 13, No. 33, evaluated testimony from the Greater Pittsburgh Chamber of Commerce and the Allegheny Conference on Community Development provided to the Pennsylvania House Transportation Committee in June 2013, which attempted to persuade rural lawmakers to approve funding for mass transit. The testimony insinuated that rural roads and bridges were "built and maintained with gas taxes from Philadelphia and Pittsburgh and other urban areas around the state," and therefore "rural counties should be willing to move funds to urban areas to fund mass transit."

This argument stemmed from the fact that "the five counties with the lowest population [Cameron, Sullivan, Forest, Fulton and Potter] in the state have nearly 30 times more miles of state roads per person than the five counties with the highest population [Philadelphia, Allegheny, Montgomery, Bucks, and Delaware]." Put differently, there were 142 feet of state roads which serve a single resident in the five "rural" counties compared to five feet in the five "urban" counties. Thus, "rural taxpayers should subsidize mass transit on the grounds that urban vehicles are paying taxes that support rural roads more heavily … ."

However, such a conclusion was misleading, as "the amount of state tax dollars spent on state roads is not simply a function of the number of miles of road… ." Instead, Act 68 of 1980 "directs [the Pennsylvania Department of Transportation (PennDOT)] to distribute road money to county maintenance districts 'in the following manner: (40% RPQ + 15% BMD +30% LM + 15% VM).' RPQ is the relative pavement quality index measuring the condition of the highway, BMD is the bridge maintenance deficiency index, LM stands for lane miles, and VM stands for vehicle miles traveled." Proceeds from the oil company franchise tax – the state's gasoline and diesel tax – are allocated to municipalities by a formula which takes into account local road mileage and population levels. Counties also receive money "based upon the county's average gas consumption over a set historical period."

The Allegheny Institute identified usage (or vehicle miles traveled) as a primary contributor, for "the greater [the] usage, the more often a road will need maintenance."

According to 2023 data – the latest available – published in its Fact Book, PennDOT is directly responsible for a little over 39,700 linear miles of roadway out of 121,975 total in the commonwealth – over 70,000 are locally owned. The Fact Book also differentiates *all* rural and urban roadways by linear miles, regardless of which government agency is responsible. Rural linear miles totaled 73,489 (60 percent) while urban linear miles totaled 48,496 (40 percent).

However, PennDOT's measure of usage, Daily Vehicle Miles of Travel (DVMT), shows total rural DVMT was only around 88 million (32 percent) compared to the urban total of 186.2 million (68 percent).

Lastly, note that that both volume *and* type of traffic affect the wear and tear on roads. Commercial trucks and other heavy vehicles will place a greater strain on roadways compared to smaller passenger cars. PennDOT highway statistics for 2023 show that typically, both truck DVMT and total DVMT were higher in more populated counties. Allegheny County was the highest for both with 1,090,150 truck DVMT and 16,186,058 total DVMT. Cameron County was the lowest with 9,323 and 87,783, respectively.

In sum, linear miles of road are not the sole determinant in road funding, and, in fact, urban areas likely have a leg up based on the existing formulas. Even before factoring in a variety of other funding sources at the federal, state, and local level – the idea that urban gas tax money is being diverted *en masse* to support rural roads is not so clear-cut. Consequently, using such a claim to justify mass transit funding is dubious at best.

More mass transit funding?

Act 44 of 2007 previously diverted 4.4 percent of general sales and use-tax revenue to the newly created Public Transportation Trust Fund (PTTF) to help fund mass transit. Mass transit agencies would also be subject to PennDOT reviews – at least once every five years – which examine and compare operational and fiscal performance. The act also mandated the Pennsylvania Turnpike Commission (PTC) make annual payments to PennDOT which were to be used for both roadway projects and the PTTF.

Act 89 of 2013, the state's last comprehensive transportation funding package, dedicated the full $450 million annual payment from the PTC to the PTTF, along with various non-restricted transportation fine and fee revenues to further support mass transit. Beginning in 2022-23, the PTC would only be required to make an annual payment of $50 million.

As a replacement, $450 million from motor vehicle-generated sales and use-tax revenue would be transferred to the PTTF.

In its March 20, 2025, press release announcing fare increases and service cuts, PRT claimed state funding is "no longer able to meet the needs of Pennsylvania's second-largest transit agency." The same was evidently true for SEPTA, which enacted a first round of service cuts on Aug. 24, though fare increases and further service cuts were halted by a court ruling. On Sep. 8, the governor and PennDOT secretary subsequently approved SEPTA dipping into capital assistance funds to restore and maintain service operations for the next two years, though SEPTA still plans on increasing fares. PRT has cited a deficit of $117 million, while SEPTA was facing a $213 million deficit. SEPTA's fare increases were initially set to go into effect Jan. 1, 2025, but were temporarily delayed when the governor flexed $153 million in federal highway funds toward SEPTA's operations.

The governor's 2025-26 budget called for an additional general sales and use-tax dollars shift of 1.75 percent. If passed, PRT and SEPTA combined would receive over $200 million of the $292 million shifted. In August, the House passed a bill implementing the shift which would also direct PennDOT to "establish additional minimum system performance criteria … to improve fare evasion, public-private transportation partnerships and bus routes" for PRT and SEPTA as part of the Act 44 performance reviews. The agencies would also be subject to supplemental performance and fiscal evaluations prepared by the Legislative Budget and Finance Committee. It would also allow up to $325 million in bonds for road and bridge construction, with supplemental funding geared toward "three and four digit state route" projects.

The Senate responded with a proposal which would take existing funds in the PTTF and money from interactive gaming tax collections to provide roughly $600 million each for mass transit operations and "three and four digit state route" projects over the next two years. The bill would direct PennDOT to conduct similar "annual enhanced performance reviews" for mass transit agencies that serve a population over 600,000 and transfer funds under the bill's new provisions. There would also be biennial inflation-adjusted fare increases for agencies running an operating deficit and public safety measures for SEPTA, among other provisions.

However, neither bill passed both chambers and no agreement over transportation funding, or a state budget in general, has been forthcoming (as of this writing).

Policy Brief Vol. 25, No. 12, highlighted PRT's exorbitant bus operating expenses per vehicle revenue hour (VRH), the fundamental cost of providing the service. Data from the National Transit Database showed PRT's fixed-route bus service ranked sixth-highest in the nation on operating expense per VRH, only behind agencies in much higher cost-of-living cities such as Boston and New York City. PRT's bus operating expense per VRH dwarfed the nine other agencies included in its "peer agency selection" in its annual service reports.

Additional measures to ensure accountability and efficiency for mass transit agencies would be a step in the right direction, but more substantial reform is needed. Although it wouldn't deal with existing legacy costs, eliminating the right of transit workers to strike must be the first priority to help lower future expenditures. Privatization and/or contracting out are hinted at in each chamber's proposal but must be more seriously explored, if not mandated.

Conclusion

As was the case a decade ago, the debate over which taxpayers should subsidize others' transportation interests misses the point. Act 89 of 2013 was the last attempt at a comprehensive transportation funding package. But as *Policy Brief Vol. 13, No. 59*, noted: "while [Act 89 of 2013] raises considerable funds for roads, bridges, and mass transportation it falls woefully short in demanding accountability for the money."

The focus must remain on how to best allocate scarce state resources. Act 89 did increase the threshold before prevailing wage law requirements kick in for local construction projects ($25,000 minimum to $100,000). But repealing the prevailing wage law in its entirety could be a good first step to help reduce costs.

Likewise, commonwealth taxpayers already heavily subsidize mass transit with PRT and SEPTA receiving well over $1 billion combined. Pittsburgh and Philadelphia's expensive transit systems must adapt to changing passenger dynamics as a result of the pandemic, especially now that pandemic relief funds have dried up.

Transportation funding in Pennsylvania clearly needs a drastic overhaul. Changes are long overdue to ensure far better stewardship of taxpayer resources.

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