



THE SEPTA YOUTH ADVISORY COUNCIL'S GUIDE TO TRANSIT FUNDING

Government Affairs Committee

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YAC Guide to Transit Funding Abstract

Public transit agencies across the United States depend on a mix of fare revenue, local, state, and federal funding to operate and maintain their systems, and the balance among those sources varies widely from agency to agency. This report, prepared by the Government Affairs Committee of the SEPTA Youth Advisory Council, examines how the Southeastern Pennsylvania Transportation Authority (SEPTA) is funded and compares its funding structure to four peer agencies: the Washington Metropolitan Area Transit Authority (WMATA), the Chicago region's Regional Transportation Authority (RTA), the Massachusetts Bay Transit Authority (MBTA), and Pittsburgh Regional Transit (PRT). Using standardized operating and cost metrics alongside each agency's funding breakdown, governance structure, and current challenges, the report finds that SEPTA relies disproportionately on state funding and receives markedly less dedicated local support than its peers, a gap rooted in Pennsylvania legislative restrictions on county-level transit taxation. This imbalance has contributed to a growing state-of-good-repair backlog and left SEPTA more exposed to annual state budget volatility than agencies with dedicated local revenue streams. The report concludes that diversifying SEPTA's funding base, particularly through expanded local funding authority, is critical to putting the Authority on a more stable and sustainable financial footing.



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INTRODUCTION

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Public transit agencies in the United States do not operate as profit-generating enterprises. Instead, they function as essential public services that require funding beyond the fares paid by riders. While fare revenue provides an important source of operating income, it typically covers only a portion of the total cost required to run transit and build supporting infrastructure. As a result, transit agencies rely on a combination of local, state, and federal funding sources to maintain service and invest in improvements. Understanding where transit funding comes from, and how those funding structures differ between agencies, is essential for evaluating the financial health of transit systems and identifying opportunities for improvement.

Transit agencies across the country frequently face funding challenges, and the Southeastern Pennsylvania Transportation Authority (SEPTA) is no exception. As a quasi-governmental entity created to serve the public, SEPTA exists to provide mobility, improve quality of life, and support the regional economy rather than to generate profit. Like other forms of public infrastructure such as roads, bridges, and schools, transit systems are designed to create broad social and economic benefits that extend far beyond their direct users.

The benefits of effective public transportation are substantial. A February 2026 report¹ by the American Public Transportation Association found that every \$1 billion invested in public transit generates approximately “\$5 billion in additional GDP...

1. Notes (footnote references) begin on page 60; formatted for the reader's experience.



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"...and creates or sustains 41,000 jobs," and produces roughly "\$251 million in tax revenue." Public transit also provides financial benefits to individuals. Households that rely on transit instead of owning and operating a personal vehicle can avoid many of the costs associated with driving, including insurance, fuel, maintenance, registration, and parking. In some cases, households may save up to \$8,000 annually by eliminating the need for a private vehicle.²

Transit systems also produce broader societal benefits related to safety, mobility, and accessibility. By reducing the number of cars on the road, public transportation can lower the risk of traffic collisions and reduce the strain on emergency response services. Fewer vehicles on the road can also improve traffic flow and reduce congestion for those who continue to drive.³

Environmental benefits are another key component of the public transportation discussion. Research from the World Resources Institute highlights how buses and rail systems can reduce greenhouse gas emissions, improve urban sustainability, and expand access to jobs, education, and essential services. As concerns about climate change intensify and global temperatures continue to rise, expanding public transit systems, particularly with the adoption of electric buses and cleaner technologies, has become an important strategy for reducing transportation-related emissions.⁴



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Public transportation also plays a critical role in improving social and health outcomes. Research published in the Journal of Transport and Health found that reliable transit access can improve independence and well-being among older adults who may no longer be able to drive.⁵ Other studies have demonstrated that limited access to transit can contribute to higher unemployment rates, as individuals without reliable transportation face greater barriers to reaching job opportunities.⁶

Health benefits are also significant. A policy brief published by Health Affairs found that expanded public transportation options can improve both public health and health equity. Increased transit use helps reduce air pollution, which is linked to elevated risks of cancer as well as neurological, cardiovascular, respiratory, reproductive, and immune system damage.⁷ Public transportation also provides mobility options for individuals with disabilities who may be unable to drive. Additionally, transit encourages physical activity, as riders often walk to and from stops and stations, which is associated with lower risks of conditions such as heart disease and diabetes.⁸

Given the wide-ranging economic, environmental, and social benefits of public transportation, understanding how transit systems are funded is critically important. This guide is designed to introduce readers to the primary mechanisms used to fund transit agencies across the United States, with particular attention to SEPTA.



YAC Guide to Transit Funding Introduction

SEPTA's funding structure differs significantly from many of its peer agencies. While the authority is frequently described as chronically underfunded, it also relies far more heavily on state funding than many similarly sized transit systems, which often receive greater levels of dedicated local support.

This report examines SEPTA's funding structure, compares it with peer transit agencies across the country, and explores potential strategies for strengthening and stabilizing funding in the future. By understanding how transit is funded elsewhere, policymakers and advocates can better identify opportunities to improve SEPTA's financial sustainability and ensure that the region continues to benefit from a strong and reliable public transportation system. To provide meaningful context, this report compares SEPTA's funding model with several similarly sized transit agencies, including the Chicago Transit Authority (CTA), the Washington Metropolitan Area Transit Authority (WMATA), and the Massachusetts Bay Transportation Authority (MBTA). It also examines the funding structure of Pittsburgh Regional Transit (PRT), which operates under a funding framework more similar to SEPTA's and therefore provides a useful in-state comparison.



YAC Guide to Transit Funding

Why is Funding Needed?

Running a public transit service is expensive. SEPTA alone has a fleet of over 1,200 buses operating over 100 different bus routes. SEPTA runs regional rail service on 13 different lines and metro service on over 10 lines. It employs over 9,000 workers that run all the vehicles, plan new service, clean the stations and much more. In addition to operating the system, SEPTA must maintain a massive amount of infrastructure from bus depots, to rail lines, to office buildings.

Public transit in the United States is exactly as its name suggests, public. It is a service that the government provides similar to libraries, roads, and schools. These services may all seem quite different, but they all have one thing in common: they are paid for by the local, state, and federal governments. Unlike libraries, roads, and schools, public transportation often has a usage fee called a fare. This is a payment made in order to travel with public transit. These payments, called fare revenue, are used to help pay for the operation of the buses and trains operated by transit agencies. Fare revenue does not cover the entire cost of running transportation services. Does that mean public transit is run less well than libraries, schools, and roads? Not at all. It simply means that transit must be funded just like all other government services. Running trains and buses is expensive.



YAC Guide to Transit Funding

Where Does the Money Come From?

Funding for public transit can come in many forms, but most agencies rely heavily on a few primary sources that together sustain daily operations and long-term capital investments. These primary sources are: fare revenue, local government funding, state funding, and federal funding.

Fare revenue is generated directly from passengers paying to use buses, trains, subways, and other transit services. Nearly every transit agency in the United States charges a fare, whether through single-ride tickets, passes, or electronic payment systems. While fares are an important and vital funding source, they typically cover only a portion of total operating expenses. For large transit agencies, farebox recovery ratios before the pandemic varied widely: the MBTA recovered about 45 percent of operating costs from fares, the CTA 41 percent, WMATA 33 percent, and SEPTA 35 percent. Nationally, the average farebox recovery ratio across U.S. transit agencies was 31.7 percent in 2019.⁹ Following the COVID-19 pandemic, this figure dropped sharply to 16.7 percent in 2022 and rose only slightly to about 17.3 percent in 2024.¹⁰ This figure remains notably low compared to the pre-pandemic large-agency average of roughly 30–40 percent,¹¹ suggesting that the sector as a whole has not fully recovered to historical farebox recovery levels.



YAC Guide to Transit Funding

Where Does Money Come From?

It may also indicate that including smaller systems and lower-ridership modes pulls the overall average down compared to examining only large agencies. As a result, the majority of transit funding must come from other sources.

Local governments play another central role in supporting transit systems, often providing flexible and reliable revenue streams. This funding may come from general fund appropriations or from dedicated local taxes such as sales taxes, property taxes, rideshare taxes, or motor vehicle fees. Since local governments are closest to the communities transit services, they often have more discretion in determining funding levels and priorities.

State funding for transit varies in its support to public transit. Some states allocate funding every year for transit while in other cases, support is limited, placing pressure on local governments to fill funding gaps. Federal funding for transit is primarily administered by the Federal Transit Administration. This agency, formed in 1964, has a wide variety of programs, formula grants, and other targeted funding that it uses to help fund capital and operating budgets for transit agencies.



YAC Guide to Transit Funding Fare Revenue

Fare revenue is the sum of fees paid by passengers to use public transit. The two main types of fares collected are single trips and passes. Single trip fares are cheaper fares used for a single trip in one direction, while passes are more expensive and allow for many trips over multiple days. Passes can range from being a day pass to lasting for a whole year, depending on what the transit agency offers.

Fare revenue differs from other types of funding because its use is subject entirely to the public transit authority that collects it. Other funding streams may come with strings attached. For example, SEPTA receives specific capital funding from the Commonwealth of Pennsylvania that can only be used to invest in equipment and not day-to-day costs like wages or electricity. Fare revenue can be used to cover operating costs or capital costs.

Further, the fare rates are set by the public transit authority. This means that of all revenue streams, fare revenue is the most flexible and least subject to the whims of politics. Governmental funding can be increased or lowered at any time during a legislative session. This adds a different type of risk to those funding sources that fare revenue is not subject to.



YAC Guide to Transit Funding Local Government Funding

Many public transit agencies in the United States rely on local funding sources to supplement fare revenue and support both operating and capital expenses. Because fares alone rarely cover the full cost of service, cities and regions have developed dedicated funding streams tied to transportation activity. These mechanisms include rideshare taxes, congestion pricing, dedicated sales taxes, and motor vehicle excise taxes. Together, they represent innovative ways to align transportation use with transit investment.

One increasingly common approach is taxing rideshare trips. In Chicago, the Chicago Transit Authority (CTA) benefits from the Chicago Ground Transportation Tax. The base tax is \$1.13 per ride, with an additional \$1.50 charged during weekday daytime hours (6 a.m. to 10 p.m.) within the Downtown Zone. Trips to or from major destinations such as O'Hare International Airport, Midway Airport, Navy Pier, or McCormick Place incur an added \$5.00 surcharge. For example, a \$10 weekday downtown ride would include \$2.63 in total taxes. Overall, Chicago generates roughly \$200 million annually from ground transportation taxes, which support transportation and general budget needs. Between 2019 and 2024, rideshare fares rose by approximately 54 percent, due in part to these tax increases.

Similarly, in Washington D.C., a 6 percent sales tax is applied to rideshare trips that originate in the District.



YAC Guide to Transit Funding Local Government Funding

Of that revenue, 83 percent goes to the Washington Metropolitan Area Transit Authority (WMATA), which operates the region's bus and Metrorail systems, while 17 percent is directed to the District's Department of For-Hire Vehicles. This structure ensures that a substantial share of rideshare tax revenue directly supports public transportation.

Another major funding innovation is congestion pricing, introduced in New York City in 2025. Under the program administered by the Metropolitan Transportation Authority (MTA), vehicles entering Manhattan 60th street and south are charged a toll, with certain highway-only trips exempted. During peak periods, passenger vehicles pay \$9, while overnight rates drop to \$2.25. Motorcycles, small trucks, and large trucks pay higher tiered rates. Discounts are available for low-income drivers, and exemptions exist for people with disabilities, emergency vehicles, buses, and certain government vehicles. The MTA plans to phase in toll increases, raising the peak passenger vehicle rate to \$12 in 2028 and \$15 in 2031. In its first year, the program generated approximately \$700 million¹², dedicated to funding transit capital improvements. In addition, taxis and rideshare vehicles face separate surcharges, \$0.75 per taxi trip and \$1.50 per rideshare trip, when operating within the congestion zone, further contributing to transit funding.



YAC Guide to Transit Funding Local Government Funding

Dedicated sales taxes are another critical revenue source for transit systems. In the Atlanta region, the Metropolitan Atlanta Rapid Transit Authority (MARTA) is primarily funded through a 1 percent sales tax in Fulton, Clayton, and DeKalb counties, along with a 1.5 percent sales tax within the City of Atlanta. Notably, MARTA does not receive direct operating funding from the State of Georgia. The local sales tax provides approximately 63 percent¹³ of MARTA's projected fiscal year 2026 operating revenue, demonstrating how essential voter-approved sales taxes are to sustaining transit service.

Finally, some regions rely on motor vehicle excise taxes to fund expansion. In the Seattle metropolitan area, a 1.1 percent motor vehicle excise tax on a vehicle's depreciated value funds Sound Transit, paid annually with license tab renewals. The tax applies in designated areas of King, Pierce, and Snohomish counties and supports light rail and bus expansion projects. The amount owed is calculated by determining the vehicle's years in service, applying a depreciation schedule to the original MSRP, and multiplying the resulting value by 1.1 percent. This structure links vehicle ownership in growing suburban areas to the cost of expanding regional transit infrastructure.

These four mechanisms, rideshare taxes, congestion pricing, dedicated sales taxes, and motor vehicle excise taxes, illustrate how transit agencies diversify revenue beyond the farebox.



YAC Guide to Transit Funding Local Government Funding

As operating costs and capital needs continue to grow, such locally tailored funding tools play a central role in sustaining and expanding public transportation systems across the United States.



YAC Guide to Transit Funding State Funding

State governments play a significant role in supporting public transit through a combination of dedicated revenue streams, flexible federal funding mechanisms, and broader transportation finance systems. One primary approach is the allocation of state sales tax revenue. In Pennsylvania, 6.15% of the Commonwealth's sales tax is directed toward transit funding.

Beyond direct revenue, many states fund transit through transportation trust funds that are still heavily reliant on gas taxes and vehicle fees. In Pennsylvania, approximately 75% of overall transportation funding comes from the gas tax, a source that is becoming increasingly unstable as vehicles become more fuel-efficient and electric vehicle adoption rises.¹⁴ This structural shift has prompted states to explore alternative revenue mechanisms, including sales taxes, vehicle-related fees, and other dedicated funding streams.

States and metropolitan planning organizations (MPOs) also have the ability to “flex” federal highway funds toward transit, bicycle, and pedestrian infrastructure, though this tool remains underutilized. Between 2013 and 2020, Pennsylvania redirected just over 2% of its Federal Highway Administration (FHWA) funding to transit projects, with only a small number of states exceeding 4% in such transfers. At the same time, federal policy continues to shape state funding decisions. The Infrastructure Investment and Jobs Act (IIJA) significantly increased overall transportation funding, with approximately \$20.5 billion in federal transit funding apportioned annually by 2025.¹⁵



YAC Guide to Transit Funding State Funding

However, the majority of surface transportation funding still flows to highway projects.

Despite this, states retain considerable flexibility in how funds are allocated. In Pennsylvania, roughly \$1.5 billion in state funding supports transit operations annually, though this represents a relatively small share of total transportation spending.¹⁶ Together, these funding mechanisms illustrate both the opportunities and limitations of state-level transit funding. While states have multiple tools to support public transportation, funding levels and priorities remain uneven, often shaped by legacy revenue structures and policy decisions that continue to favor highway investment.



YAC Guide to Transit Funding Federal Funding

Public transit agencies across the US also rely upon federal funding to support operating costs and invest in improved services. Federal funding is distributed through grants provided and managed by the Federal Transit Administration (FTA), an agency in the Department of Transportation. To fund grants, the FTA is given authority by Congress to draw funds from the General Fund of the Treasury and the Highway Trust Fund through legislation such as the Infrastructure Investment and Jobs Act of 2021.

Grants from the FTA fall into various categories focusing on accessibility, vehicle procurement, career investments, research and development, and safety and upkeep. These grants are generally one of two types: formula or competitive. The first ensures all recipients in a group are awarded funds, while the second awards specific applicants based on various factors such as size of the area's population and the demand for public transit in that area. To ensure the underdogs have a chance at federal funds, there are specific grants which focus on underfunded agencies, such as small or rural transit systems.

Federal funds are vital to public transit systems. Federal grants allow transit agencies to invest in specific projects, such as upkeep and procurement of vehicles and accessibility improvements, included in the capital budget.



YAC Guide to Transit Funding Federal Funding

These projects are expensive yet necessary to the upkeep and sustainability of a transit system, and would be largely infeasible on just state funds and fare revenue. Since this funding is available through a grant system, agencies are held accountable to only spend these funds on the original purpose of the grant. The FTA is also the main federal overseer of public transit safety; public transit agencies must meet and maintain all FTA safety and reporting standards to have access to grant funding.



YAC Guide to Transit Funding Capital vs. Operating Funding

Not all dollars allocated to transit are used for the same purpose. There are two types of funding that public transit can receive.

Operating funding is used to pay for daily operations. This includes fuel for the transportation fleet, salaries of workers, cleaning of stations and vehicles, and much more. Transit fares often go to covering the operating costs of a transit agency.

Capital funding is used to pay for long-term investments and improvements. This could be new vehicles, stations, routes, or buildings. Capital funding is often provided by government subsidies. This past year, due to Pennsylvania's budget impasse, SEPTA's government subsidies were delayed. As a result, SEPTA reallocated its capital funds towards its operating expenses to prevent service cuts, further delaying capital improvements.



YAC Guide to Transit Funding Materials and Methods

To ensure an accurate and meaningful comparison of transit agency funding and operational efficiency, this report utilizes three standardized metrics drawn from the most recent individual transit agency operating budgets where these figures are available: operating cost per unlinked passenger trip, cost per vehicle revenue mile, and unlinked passenger trips per vehicle revenue mile.

Cost per vehicle revenue mile measures how efficiently an agency delivers service by capturing the cost of operating vehicles regardless of ridership. Operating cost per unlinked passenger trip measures how effectively that service is being utilized, counting every boarding as a single trip so that transfers are measured consistently across all agencies and modes. Unlinked passenger trips per vehicle revenue mile captures how productively a system is deploying its service by measuring how many boardings are generated for every mile a vehicle travels in revenue service. A high figure means vehicles are consistently picking up riders along their routes, while a low figure suggests service is running through areas or at times where demand does not justify it.

Using these three metrics in tandem allows for meaningful comparison across agencies regardless of system size, mode, or geography, cutting through differences in funding structures and accounting practices to provide a normalized assessment of both cost efficiency and service productivity.



TRANSIT AGENCY COMPARISONS

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YAC Guide to Transit Funding Transit Agency Comparisons

The following section examines five peer transit agencies — SEPTA, WMATA, the Chicago region's Regional Transportation Authority (RTA), the MBTA, and PRT — using the standardized metrics described above, alongside each agency's funding breakdown, governance structure, and current challenges.



YAC Guide to Transit Funding SEPTA

System Overview: The Southeastern Pennsylvania Transportation Authority (SEPTA) was formed in 1963 by the Pennsylvania legislature to serve five counties: Philadelphia, Bucks, Chester, Montgomery, and Delaware County. It has many modes of transportation including buses, light rail, heavy rail, and regional rail. In addition, SEPTA operates SEPTA Access, a paratransit and shared ride service which serves elderly and disabled riders.

SEPTA operates 2,279 vehicles on 147 fixed routes to 311 passenger stations. It has two subway lines, the B (formerly Broad St Line) and the L (formerly Market-Frankford Line), and operates regional rail lines across the service area. It also operates various trolley routes and a light rail line, the M (formerly Norristown High Speed Line). SEPTA additionally runs 128 bus lines throughout the five-county area. SEPTA's authorized headcount for 2027 is 9,996 employees, making The Authority one of the Commonwealth's top 50 largest employers. The five-county area moves through extremely dense city centers and spans throughout the suburbs; this region has 4.2 million residents, many of which rely on transit, as 47% of Pennsylvania households without vehicle access are in SEPTA's service area.

Operating Cost per Unlinked Trip:¹⁷ SEPTA's total annual unlinked passenger trips across all modes was 200,711,934.



YAC Guide to Transit Funding SEPTA

The total operating cost per unlinked trip is \$7.74, and breaks down for each mode as follows: Commuter rail \$14.74 • On demand \$71.08 • Heavy rail \$5.26 • Bus \$7.20 • Trolley and light rail \$6.92 • Trackless trolley \$4.38.

Cost per Vehicle Mile:¹⁸ SEPTA's total cost per vehicle mile is \$19.49, with cost for each mode as follows: Commuter rail \$18.77 • On demand \$9.67 • Heavy rail \$19.45 • Bus \$20.27 • Trolley and light rail \$40.69 • Trackless trolley \$21.22.

Unlinked Passenger Trip per Vehicle Revenue Mile: SEPTA has a total of 2.5 unlinked passenger trips per vehicle revenue mile, with stats per mode as follows: Commuter rail 1.3 • On demand 0.1 • Heavy rail 3.7 • Bus 2.8 • Trolley and light rail 5.9 • Trackless trolley 4.8.

Funding Breakdown: Like many transit companies, SEPTA has a low farebox recovery ratio at 21 percent¹⁹; this means the majority of its funding comes from governmental subsidies and grants rather than fare revenue. As a company in the public sector, SEPTA is reliant on state funding and subject to PA funding laws. SEPTA also applies for federal subsidies and grants to pursue greater investments.



YAC Guide to Transit Funding SEPTA

SEPTA is proposing a total budget of approximately \$2.8 billion for the 2027 fiscal year, comprising an operating budget of \$1.8 billion and a capital budget of \$920.7 million. The Authority expects approximately \$1.02 billion from the state, \$254.8 million in federal funds, and \$146.5 million from local support for the 2027 fiscal year. Approximately \$322.5 million of that budget comes from passenger revenue, with an additional \$94.3 million from other self-generated income. The capital budget focuses on increasing system reliability and safety, addressing the state-of-good-repair backlog, and the procurement of vehicles to replace the aging fleet.

Governance Board: SEPTA is governed by a 15-member board. Each county in the service area appoints 2 members, the PA senate and house collectively appoint four members, with the remaining seat appointed by the PA governor. This board oversees and approves annual budgets and appoints executive officers for The Authority.²⁰

Key Challenges: SEPTA has historically been met with very low funding, causing extreme deficits and lasting budget crises. While The Authority has received emergency funding in the past, such as Gov. Shapiro flexing highway funds to cover a massive funding deficit in 2024 and avoid service cuts and fare hikes, these emergency injections are not the source of stable or sustainable funding which SEPTA needs.



YAC Guide to Transit Funding SEPTA

Unlike many transit authorities, SEPTA receives very little local funding; this is due to Pennsylvania legislature restricting counties to only legally tax on specifically authorized legislature outlined in PA Title 16. Until public transportation joins that list, counties in PA cannot levy taxes to raise funds for public transportation.²¹ SEPTA receives only a fraction of federal funding compared to other transit authorities; this, combined with low local funding and being historically unprioritized on the state budget, leads to the funding crisis The Authority is often in.

Recently, SEPTA's state-of-good-repair backlog has grown to \$10.2 billion, double the previous year. This is largely due to procurement needs brought about by SEPTA's aging fleet. The average age of light rail vehicles is 46.3 years, heavy rail is 33.7 years, and regional rail is 36.4. Although SEPTA buses sit at a decent 7.4 years average age, the extremely aged fleet of Silverliner IV and M-5 cars on regional rail and the L require constant repairs and carry health and safety risks, and are actively being replaced. SEPTA has signed contracts to replace the older cars in the L and Regional Rail fleet, investing \$7.7 billion over the next 12 years. This is a major purchase, and while necessary, casts extreme financial strain on The Authority.



YAC Guide to Transit Funding SEPTA

SEPTA has only around one-third of its peers' capital funding and, to meet the extra demands in the capital budget, will need to borrow approximately \$4.3 billion over the next 12 years, further adding to the deficit.²²

Future Transit Plans: In the upcoming fiscal year, SEPTA has plans in place to improve customer experience, boost health and safety, and improve service across the system. The headliner initiative is the New Bus Network. This program will rework 25 routes, adjust frequency on 31 routes, and launch 6 new routes, with changes scheduled to roll in gradually over the 2027 fiscal year. As a part of SEPTA's Back To Basics campaign, regional rail timetables will be adjusted with the goal of simplifying service into more consistent and understandable patterns. Along with the purchase of new M-5 and Silverliner VIs, SEPTA will also acquire 130 ADA-compliant trolleys as a part of the Trolley Modernization program, 35 new hybrid buses, 38 trackless trolleys, and various paratransit and utility vehicles.²³



YAC Guide to Transit Funding WMATA

System Overview: The Washington Metropolitan Area Transit Authority (WMATA) is a regional transit agency established in 1967 through an interstate compact to serve the Washington, DC metropolitan area. WMATA operates three primary modes: Metrorail (heavy rail rapid transit), Metrobus (regional bus service), and MetroAccess (paratransit for riders with disabilities). Together, these services form one of the largest multimodal transit networks in the United States, serving Washington, DC, suburban Maryland, and Northern Virginia.²⁴

WMATA operates 98 stations across 128 miles of track on six Metrorail lines: Blue, Green, Orange, Yellow, Red, and Silver. The rail system ranks as the second-busiest heavy rail network in the United States, while Metrobus represents the sixth-largest bus network nationally. The agency serves a population of approximately six million residents across a 1,500-square-mile service area encompassing the District of Columbia, Montgomery and Prince George's counties in Maryland, Arlington, Fairfax, and Loudoun counties in Northern Virginia, and the cities of Alexandria, Fairfax, and Falls Church.

As of June 30, 2025, WMATA maintained a fleet of 1,610 buses, 1,280 railcars, and 643 MetroAccess vehicles, operating 125 Metrobus routes throughout the region²⁵. The agency employs approximately 12,000 workers across operations, maintenance, planning, and administrative functions.²⁶ In Fiscal Year 2025, WMATA carried approximately 264 million linked trips, including roughly 139 million Metrorail trips and 124 million Metrobus trips.²⁷



YAC Guide to Transit Funding WMATA

In recognition of its operational improvements and service delivery, WMATA was named the 2025 American Public Transportation Association Transit Agency of the Year.²⁸

Operating Cost per Unlinked Trip:²⁹ In Fiscal Year 2025, WMATA reported the following operating cost per unlinked passenger trip by mode: Metrobus \$8.95 • Metrorail \$11.93 • MetroAccess \$134.99³⁰. WMATA's overall operating cost per unlinked passenger trip was approximately \$14.05, reflecting the higher costs associated with operating a large, rail-heavy regional transit system.

Cost per Vehicle Revenue Mile: In Fiscal Year 2025, WMATA reported the following operating costs per vehicle revenue mile:³¹ Metrobus \$21.33 • Metrorail \$12.56 • MetroAccess: no data given.

Unlinked Passenger Trips per Vehicle Revenue Mile: In Fiscal Year 2025, WMATA reported: Metrobus 30.4 • Metrorail 33.5 • MetroAccess 0.9.

Funding Breakdown: WMATA relies on a complex mix of revenue sources including fare revenue, local jurisdictional subsidies, and federal funding. In Fiscal Year 2025, the farebox recovery ratio was approximately 19 percent, reflecting continued ridership recovery following the COVID-19 pandemic alongside rising operating costs.



YAC Guide to Transit Funding WMATA

Unlike many large U.S. transit agencies, WMATA does not have a dedicated regional funding source such as a sales or payroll tax. Instead, it relies on annual contributions from the District of Columbia, Maryland, and Virginia, determined through formulas accounting for population, ridership, and service levels.

To provide stable capital funding, all three jurisdictions jointly approved legislation establishing \$500 million in dedicated annual funding for safety and state-of-good-repair projects.³²

For Fiscal Year 2027, WMATA proposed a \$4.8 billion total budget, including approximately \$2.7 billion in operating expenses and \$2.1 billion in capital investments. Funding sources include approximately \$3.0 billion from state and local jurisdictions, \$660 million in federal funding, and \$651 million from fare and system-generated revenues. Passenger revenue accounts for roughly 80 percent of operating revenue, with additional non-passenger revenue derived from parking, advertising, joint development, and fiber optic leases. Federal funding primarily supports capital improvements including rolling stock replacement, infrastructure modernization, and state-of-good-repair investments. WMATA's six-year Capital Improvement Program totals approximately \$13.5 billion, prioritizing reinvestment in aging infrastructure through railcar procurement, signal modernization, station rehabilitation, and broader system upgrades.³³

Governance Board: WMATA is governed by a Board of Directors consisting of eight voting members and eight alternates, with each signatory to the interstate compact appointing two Directors and two alternates. DC Council appointments represent the District of Columbia, the Washington Suburban Transit Commission appoints Maryland's members, the Northern Virginia Transportation Commission appoints Virginia's members, and two federal members are appointed through the U.S. Secretary of Transportation.³⁴



YAC Guide to Transit Funding WMATA

The Board is responsible for approving budgets, establishing policy, and appointing executive leadership including the General Manager. Budget development begins each August, with adoption required by June 30 for the fiscal year beginning July 1, following a process that includes staff development, Board review, public outreach, and formal hearings.³⁵

Key Challenges: WMATA faces several structural challenges associated with operating an aging heavy rail system. Outdated signaling systems, maintenance backlogs, and rising costs for replacement parts present ongoing safety, reliability, and efficiency concerns. Capacity constraints at key locations limit long-term growth potential, while expansion options remain costly.³⁶ WMATA's State of Good Repair Needs Outlook estimates a minimum 10-year reinvestment need of approximately \$15.2 billion, comprising a \$4.2 billion existing backlog and \$11.0 billion in assets requiring replacement or rehabilitation between Fiscal Years 2026 and 2035.³⁷

Future Transit Plans: WMATA's Fiscal Year 2027 budget includes targeted service improvements aimed at growing ridership and improving reliability. Planned changes include extending select Yellow Line trains to Greenbelt, increasing off-peak frequency on the Orange, Silver, and Blue Lines, and improving late-night Red Line service. The agency is also advancing train automation, optimizing train lengths, and modernizing signal infrastructure, while continuing implementation of its redesigned bus network and procurement of new 8000-series railcars.³⁸



YAC Guide to Transit Funding WMATA

In April 2026, Metro's Board of Directors voted to fully automate the Red Line.³⁹ Further capital projects include new entrances for metro stops and even a possible bus rapid transit line to connect Washington Union Station to the new Washington Commanders Stadium.⁴⁰

New fare technology, including contactless payment allowing riders to tap credit and debit cards directly at faregates, has been introduced systemwide. WMATA is also working with regional partners through the DMVMoves initiative to develop a unified regional fare system.⁴¹ Additional initiatives include reducing fare evasion through upgraded faregates, expanding reduced-fare programs, supporting transit-oriented development at 41 stations, and modernizing MetroAccess scheduling, all aimed at increasing ridership, improving financial sustainability, and supporting long-term regional growth.⁴²



YAC Guide to Transit Funding RTA

The Regional Transportation Authority (RTA) serves as the unit of local government overseeing the Chicago Transit Authority (CTA), Metra, and Pace. Together, the services provided by these three agencies span the six-county northeastern Illinois region: Cook, DuPage, Kane, Lake, McHenry, and Will Counties.⁴³ Collectively, these agencies form one of the largest and most complex multimodal transit systems in the United States.

The Chicago Transit Authority operates the nation's second-largest public transportation system, consisting of the well-known "L" heavy rail rapid transit system and an extensive bus network serving the City of Chicago and nearby communities. Metra operates 11 commuter rail lines that connect suburban communities to downtown Chicago, while Pace provides suburban bus and paratransit service across the broader metropolitan region through approximately 240 bus routes. Together, these systems create an interconnected regional transit network coordinated through the RTA.

Across the region, the transit system employs more than 17,000 workers, making transit the sixth-largest employer in metropolitan Chicago.⁴⁴ CTA alone operates a fleet of more than 1,600 rail cars across eight rail lines and approximately 221 miles of track.⁴⁵ The agency's rail system includes the Red, Blue, Brown, Purple, Green, Orange, Pink, and Yellow Lines, serving 146 stations throughout the city. Because CTA is the RTA region's largest operator and the one most comparable in scope to SEPTA, the operating cost and funding figures in this section describe CTA specifically and not the RTA region as a whole, which also includes Metra and Pace.

CTA's bus network includes nearly 2,000 buses operating over 120 routes and serving more than 10,000 bus stops.

In 2025, CTA rail service provided approximately 138.4 million rides,⁴⁶ while Metra recorded approximately 38.1 million commuter rail trips.⁴⁷ Regional bus and paratransit services provided approximately 221 million rides. Altogether, the region's fixed-route transit services carried approximately 373.5 million passenger trips, representing an increase of 12.3 million trips over 2024 ridership levels. These gains reflect continued ridership recovery following the COVID-19 pandemic.⁴⁸

The Chicago metropolitan area, home to more than 9 million residents, remains one of the most transit-dependent regions in the United States. Approximately one in four commuters use public transit throughout the region. The City of Chicago itself has a population density exceeding 12,000 residents per square mile, making it one of the densest major cities in the country.⁴⁹ This density allows fixed-route transit to serve large numbers of riders efficiently and contributes significantly to the region's comparatively high transit ridership levels.

Operating Cost per Unlinked Passenger Trip: In Fiscal Year 2024, CTA reported Bus Unlinked Passenger Trips of 181,733,617 and Rail ("L") Unlinked Passenger Trips of 127,463,409, for total Unlinked Passenger Trips of 309,197,026. Given this data, the operating cost per unlinked passenger trip for CTA is approximately \$6.20.⁵⁰

This relatively low cost reflects CTA's high ridership and dense service area, which allow operating expenses to be distributed across a large number of trips. However, this figure reflects CTA only and does not include Metra or Pace, meaning the full regional cost per trip would likely be higher when including commuter rail and suburban bus services.

Operating Cost per Vehicle Revenue Mile: CTA's 2024 total gross operating expenses and total vehicle revenue miles were \$1.92 billion and 119.15 million, respectively. Using these numbers, CTA's cost per vehicle revenue mile was \$16.10.⁵¹

Unlinked Passenger Trips per Vehicle Revenue Mile: CTA's total unlinked passenger trips and vehicle revenue miles were 309.2 million and 119.15 million, respectively. Using these numbers, CTA's unlinked passenger trips per vehicle revenue mile was 2.6.

Funding Structure: The Chicago regional transit system relies on a combination of public funding, dedicated tax revenues, farebox recovery, and system-generated revenue, with the RTA serving as the primary financial intermediary. Unlike transit agencies that rely heavily on annual appropriations from state and local governments, the Chicago region benefits from a dedicated regional sales tax that provides a more stable operating revenue source.

According to the 2026 CTA budget, the agency proposed a total operating budget of approximately \$2.23 billion, representing a 3.2 percent increase over 2025 levels.⁵²



YAC Guide to Transit Funding RTA

Revenue for the total operating budget comes from approximately \$602 million from the primary regional sales tax, \$86 million from secondary sales tax revenues, and approximately \$455 million in system-generated revenue, together totaling approximately \$1.14 billion. Of the system-generated revenue, fare revenue and transit passes account for approximately \$364 million, with the remainder from advertising, parking, and other ancillary sources.

Illinois law authorizes the RTA to impose a regional sales tax throughout northeastern Illinois. In Cook County and the City of Chicago, the RTA levies a 1.25 percent sales tax that serves as the primary source of operating support for CTA, Metra, and Pace. Revenues are distributed by formula among the three agencies and are intended to provide long-term operational stability. Additionally, in 2008, the Illinois General Assembly authorized the City of Chicago to impose an additional Real Estate Transfer Tax (RETT) of \$1.50 per \$500 of property value sold within the city. A portion of this revenue is dedicated specifically to CTA operations and is projected to account for approximately 1.4 percent of the agency's operating budget.

Farebox recovery continues to play an important role in CTA finances, though ridership declines during the pandemic significantly reduced passenger revenue. Like many major transit agencies nationwide, Chicago continues working to rebuild ridership while balancing rising operating costs and ongoing capital investment needs.



YAC Guide to Transit Funding

RTA

Governance Structure: The RTA functions as the governing and oversight body for the Chicago metropolitan transit system. The agency is responsible for regional financial oversight, long-range planning, coordination between service providers, and administration of reduced-fare and ride-free programs.⁵³ Pursuant to its bylaws, the RTA is overseen by a 16-member board. Five members are appointed by the Mayor of Chicago, four are appointed by suburban members of the Cook County Board, one is appointed by the President of Cook County, and additional appointments are made by collar county officials.

Each of the three operating agencies also maintains its own independent governing board. CTA is governed by a seven-member board, with four members appointed by the Mayor of Chicago and three appointed by the Governor of Illinois.⁵⁴ Metra's 11-member board includes representation from suburban counties and major municipalities throughout the region.⁵⁵ Pace is governed by a 13-member board appointed primarily by suburban Cook County and collar county representatives.⁵⁶

Challenges and Future: Like SEPTA, the Chicago area transit authorities also faced a structural budget deficit. However, thanks to the leadership of the Illinois state legislature, a funding increase in the form of SB 2111 increased transit funding, established a new board to replace RTA called the Northern Illinois Transit Authority, unified the fare system, and established new safety mechanisms like ambassador outreach.



YAC Guide to Transit Funding RTA

This transformational bill does much to address the issues facing transit in the region.

However, RTA reports that the region still faces a \$30 billion backlog with 25% of assets being used past their useful lifespan. Further, the amount of bureaucracy associated with having three separate transit authorities will continue to pose challenges to the region. Unlike agencies like SEPTA, who can proactively work to better integrate all modes of transit, Chicago faces many hurdles to interagency cooperation.⁵⁷

Chicago continues to push forward with expansions and improvements to its transit network despite these challenges. A red line extension promises to bring four new stations, a new bus initiative has provided 24/7 sub-10-minute bus frequencies, and red and purple line modernizations will improve reliability. Chicago has shown impressive resilience, and with the support of the state legislature, the current outlook for transit in the region is more positive now than it has ever been in the last decade.



YAC Guide to Transit Funding MBTA

System Overview: The Massachusetts Bay Transit Authority (MBTA) provides public transportation to eastern Massachusetts and parts of Rhode Island. The MBTA has bus, subway, commuter rail, ferry, and paratransit service. The buses and subways have a standardized fare price, while the commuter rail, ferries, and paratransit services have variable pricing based on distance traveled. Besides the standard fare, the MBTA also provides CharlieCards and CharlieTickets, which are both passes that can be used on subways, buses, and commuter rail.

The MBTA employed 10,208 people in 2025. The highest salary was \$490,491, while the average salary was \$89,692 and the median salary was \$92,134.⁵⁸ The total operating cost for the MBTA in FY2026 was \$2.683 billion.

Regional Context: Massachusetts has a population of 7,169,608 people, and a population density of 679 people per square mile. Meanwhile, Rhode Island has a population of 1,118,627 people, and a population density of 724 people per square mile.⁵⁹

Operating Cost per Unlinked Passenger Trip: As of 2023, the operating cost per unlinked passenger trip is \$7.97 for bus, \$4.07 for bus rapid transit, \$20.33 for commuter rail, \$106.96 for demand response, \$19.63 for ferryboat, \$4.50 for heavy rail, and \$5.32 for light rail. Systemwide, the MBTA's operating cost per unlinked passenger trip was \$8.59.

Unlinked passenger trips per vehicle revenue mile is 1.2 for commuter rail, 0.1 for demand response, 4.8 for ferryboat, 4.9 for heavy rail, 6.3 for light rail, 4.3 for bus, and 7.4 for rapid transit bus. As of 2024, the operating cost per vehicle revenue mile is \$32.62 for bus, \$48.71 for bus rapid transit, \$22.60 for commuter rail, \$17.68 for demand response, \$85.98 for ferryboat, \$23.32 for heavy rail, and \$45.97 for light rail.

Funding Breakdown: The MBTA makes \$449 million in revenue from transportation. The MBTA also receives \$1.425 billion from a dedicated sales tax. The MBTA received no federal funding in FY26, or at least has not predicted how much federal funding they plan to receive.

The MBTA has a capital budget that is established through the Capital Investment Plan. It is funded by four main types of sources: federal, state, local, and third-party reimbursements. Federal funding mainly comes from FTA Formula funds and discretionary funds. State funds come from bonds (both general and special obligations), the Commonwealth Match Fund, Fair Share funding generated by the Fair Share Amendment, and FTA Directive Response funding. Local funding comes from bonds, loans, Operating Budget Transfer, and the Capital Maintenance Fund.

Lastly, third-party reimbursements come from agreements and partnerships with outside parties, such as Amtrak.⁶⁰

Governance Board: The MBTA has a board of directors led by a general manager. There are nine members on the board: the Secretary of Transportation, one person appointed by the Mayor of the City of Boston, one person appointed by the MBTA Advisory Board, and six people appointed by the Governor. The current general manager is also the interim Massachusetts Department of Transportation secretary. They hold multiple meetings each month that are open to the public.⁶¹

There is also the MassDOT board. While they are not responsible for the MBTA directly, they are in charge of all transportation in Massachusetts, which includes public transportation. It consists of 11 members appointed by the Governor, with the Secretary of Transportation as the board chair.⁶²

Key Challenges: The MBTA is facing multiple challenges currently. One such challenge is the lack of federal funding that they received this year. Last year, the MBTA received \$191 million in federal funding, while it received no funding this year. This compounds the problem of every single expense for the MBTA increasing in comparison to this year.⁶³

Another challenge is the aging infrastructure for their rapid transit system.



YAC Guide to Transit Funding MBTA

The first streetcar systems were built in the 19th century, and some of the first subway tunnels built in the United States are still in use in their system. The MBTA is using their Capital Investment Program to enhance the Green Line, improve the accessibility of rapid transit stations, and replace the analog signal system on the Red and Orange lines with digital signal systems.⁶⁴

Future Transit Plans: The MBTA is currently in phase 3 of their Commuter Rail Safety and Resiliency Program. This phase involves implementing Fiber Optic Resiliency (FOR) to support MBTA's Positive Train Control (PTC). This FOR will be implemented alongside commuter rail tracks on the Fitchburg and Lowell lines in order to enhance weather-exposed aerial systems. The FOR is planned to be completely implemented before the end of 2026.⁶⁵

The MBTA is also carrying out the Better Bus Program. This program has four main goals: to make the buses an easy first choice for more riders, to have buses go when and where people need them, to make riding the bus a reliable experience, and to make bus stops safe, accessible, and comfortable. This program consists of several smaller projects, such as street redesigns, bus route changes, and accessibility improvements at stops.⁶⁶



YAC Guide to Transit Funding PRT

System Overview: Pittsburgh Regional Transit (PRT) is a regional transit agency established in 1956, and began transit operations in 1964. PRT operates three primary modes of transportation: bus service, light rail, and the Monongahela Incline. The agency also administers ACCESS, a paratransit program for residents of Allegheny County.

PRT operates entirely within Allegheny County, which is 745 square miles, with most of its service located around the city of Pittsburgh. The agency operates 697 buses, 80 light rail vehicles, and two funicular cars. These vehicles serve 6,716 bus stops, 102 light rail stops, and 2 incline stations. These stops serve 33,269,678, 3,397,749, and 263,736 riders, respectively.⁶⁷ The agency employs 2,911 people in total, with the overwhelming majority working in Transit Operations, with 2,493 employees. These employees are members of the Amalgamated Transit Union (ATU).

Regional Context: Allegheny County is the second most populous county in Pennsylvania, with a population of 1.25 million and a density of 1,700 persons per square mile. Pittsburgh, the county seat, has a population of 302 thousand and a density of 5,471 per square mile. 6% of Allegheny County commuters use public transit, and 13.8% of Pittsburgh commuters use public transit.⁶⁸



YAC Guide to Transit Funding PRT

Operating Cost per Unlinked Passenger Trip: Using PRT's 2024 National Transit Database data, operating cost per unlinked trip varies by mode: Light Rail: \$24.24, Bus: \$11.48. Systemwide, PRT's operating cost per unlinked passenger trip was \$13.32.⁶⁹

Operating Cost per Vehicle Revenue Mile: By mode: Light Rail: \$51.32, Bus: \$20.55. Systemwide, PRT's cost per vehicle revenue mile was \$18.75.⁷⁰

Unlinked Passenger Trips per Vehicle Revenue Mile: By mode: Light Rail: 2.1, Bus: 1.8. Systemwide, PRT's unlinked passenger trips per vehicle revenue mile was 1.4.

Funding Breakdown: With passenger revenue of \$50 million and operating expenses of \$539.3 million, PRT has a farebox recovery ratio of 9.3%. Of PRT's total funding (operating and capital combined) of \$645.8 million, fare revenue accounts for 7.7%. State funding makes up 75.7% of PRT's total funding: \$280.4 million in state operating assistance, \$78.2 million in deferred state operating assistance, and \$130.5 million in state capital grants. Federal funding makes up 9.3% of PRT's total funding: \$36.96 million in federal operating capitalizations and \$23.3 million in federal capital grants.



YAC Guide to Transit Funding PRT

Local contributions make up 7.2% of PRT's total funding: \$39.1 million in operating assistance from Allegheny County, \$3 million from Allegheny County's Regional Asset District, and \$4.3 million in Allegheny County capital grants.⁷¹

Governance Board: PRT is governed by 11 board members, who elect PRT's CEO. The board members are selected by a mix of state and local politicians. Four are selected by the Allegheny County Executive, two are selected by the Allegheny County Executive with council approval, and one each is selected by Pennsylvania's governor, president pro tempore, senate minority leader, speaker of the house, and house minority leader.⁷² State operating assistance, federal funds, and county operating assistance are formula based, while state capital funding and RAD grants are discretionary.

Key Challenges: Many vehicles in PRT's fleet are aging. PRT budgeted \$6.8 million in FY 2025 for Light Rail Vehicle (LRV) replacement design. The agency is also preparing to construct a new main bus repair shop. The agency is also planning some expansion projects, including a Bus Rapid Transit (BRT) project to connect Downtown Pittsburgh with Uptown, Oakland, and the East End, a bus corridor from Homestead to McKeesport, and a fifth bus garage.

PRT is facing a fiscal cliff, as 2025 was its first year operating without COVID stimulus funds.



YAC Guide to Transit Funding PRT

Its ridership is still recovering from COVID, with 2024 ridership at 60% of pre-pandemic levels.⁷³ It also faces constraints due to the expiration of Pennsylvania's Act 89 transportation funding bill, and its dependence on state matching funds. After failing to receive sufficient appropriations in Pennsylvania's 2025-26 budget, PRT moved \$106.7 million from its capital funds to plug its operating deficit over the next two years. While the decision prevented major service cuts to the agency, it resulted in delayed infrastructure and maintenance projects.⁷⁴ PRT, similar to SEPTA, is still awaiting a long-term funding solution to solve its budget difficulties.



COMPARATIVE ANALYSIS

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YAC Guide to Transit Funding Agency Comparison

	SEPTA	WMATA	RTA	MBTA	PRT
Operating Cost Per Unlinked Trip	Commuter rail: \$14.74 On demand: \$71.08 Heavy rail: \$5.26 Bus: \$7.20 Trolley and light rail: \$6.92 Trackless trolley: \$4.38	Metrobus: \$8.95 Metrorail: \$11.93 MetroAccess: \$134.99	CTA (not full RTA region): \$6.20	Bus Trip: \$7.97 Bus Rapid Transit Trip: \$4.07 Commuter Rail: \$20.33 Demand Response Trip: \$106.96 Ferryboat: \$19.63 Heavy Rail: \$4.50 Light Rail: \$5.32	Light Rail: \$24.24, Bus: \$11.48
Cost Per Vehicle Revenue Mile	Commuter rail: \$18.77 On demand: \$9.67 Heavy rail: \$19.45 Bus: \$20.27 Trolley and light rail: \$40.69 Trackless trolley: \$21.22	Metrobus: \$21.33 Metrorail: \$12.56	CTA (not full RTA region): \$16.10	Commuter Rail: \$22.60 Demand Response Trip: \$17.68 Ferryboat: \$85.98 Heavy Rail: \$23.32 Light Rail: \$45.97 Bus: \$32.62 Bus Rapid Transit: \$48.71	Light Rail: \$51.32, Bus: \$20.55
Unlinked Passenger Trip Per Vehicle Revenue Mile	2.5	Metrobus: 30.4 Metrorail: 33.5 MetroAccess: 0.9	CTA (not full RTA region): 2.6	Commuter Rail: 1.2 Demand Response Trip: 0.1 Ferryboat: 4.8, Heavy Rail: 4.9 Light Rail: 6.3 Bus: 4.3 Rapid Transit Bus: 7.4	Light Rail: 2.1, Bus: 1.8
Does the system rely most on fares?	\$322.5M	\$651M	\$364M	\$449M	\$50M
Strongest local funding base?	\$146.5M	\$3.0B	\$602M	\$198M	\$39.1M
Most federal support?	\$254.8M	\$660M	N/A	\$0	\$36.96M



YAC Guide to Transit Funding Agency Comparison

	SEPTA	WMATA	RTA	MBTA	PRT
Most state support?	\$1.08B	\$500M	\$86M	\$687M	\$489.1M
Funding tools that SEPTA does not use	N/A	Annual contributions from three states	Regional Sales Tax	Third party reimbursements	N/A
Governing differences	Governance board with 15 members	Board of directors with eight directors and eight alternates	16 member board for the RTA, and each smaller organization has a seven member board	Nine member board led by a director	11 board members and CEO
Structuring advantages	N/A	Funding from multiple states	Smaller boards allow for more specialized policies	Additional support from state department of transportation	N/A
Potential policy models	N/A	Obtaining annual contributions from neighboring countries	N/A	Better Bus Program as a means of enhancing buses	N/A



YAC Guide to Transit Funding Funding Mix by Agency

Funding Mix by Agency (Combined Operating + Capital)

Agency	Fares	Local	State	Federal	Total
SEPTA FY2027	\$416.8M	\$173.5M	\$1,527.1M	\$647.2M	\$2.76B
WMATA FY2027	\$651.1M	Combined w/ State: \$3,005.3M		\$660.4M	\$4.85B (+\$529.4M other: reimbursable, debt, prior-year funds)
CTA (Main RTA agency) 2026	\$455.7M	\$942.0M	\$939.2M	\$706.9M	\$3.58B (+\$536.0M other, capital annualized)
MBTA FY26	\$533.0M	\$198.0M	\$2,582.8M	\$809.4M	\$5.04B (+\$916.6M other, capital annualized)
PRT FY2025	\$50.0M	\$46.4M	\$489.1M	\$60.3M	\$645.8M



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YAC Guide to Transit Funding Key Takeaways

While every transit agency faces financial pressures, the comparison of SEPTA with WMATA, RTA, MBTA, and PRT reveals that the agencies with the most stable funding structures rely on a diverse mix of revenue sources rather than a single funding stream. Unlike peer agencies, SEPTA receives very little local funding due to legislative restrictions and thus relies on the state for the majority of its funding. Meanwhile, peer agencies have dedicated local revenue streams through congestion pricing, vehicle excise taxes, and sales taxes which create consistent and reliable funding, providing greater financial stability and reducing reliance on annual state budget negotiations.

Moreover, the comparison highlights how no single funding source is sufficient to sustain a modern transportation system. Fare revenue accounts for a small share of operating costs across all of the agencies, and even systems with comparatively strong ridership continue to depend on substantial public investment. Rather than relying primarily on fares, successful agencies have built funding structures that combine local, state, federal, and system-generated revenues. This diversified approach allows transit agencies to better withstand economic downturns, ridership fluctuations, and shifting political priorities while continuing to support long-term infrastructure investments.

SEPTA's operating cost per unlinked passenger trip shows its efficiency compared to other agencies.



YAC Guide to Transit Funding Key Takeaways

At \$7.73, SEPTA's cost per unlinked trip is among the lowest of the five peer agencies, trailing only CTA's \$6.20 and well below WMATA's \$14.05, MBTA's \$8.59, and PRT's \$13.32. By contrast, MBTA has both the highest cost per vehicle revenue mile (\$27.19) and the highest trips per vehicle revenue mile (3.17) among the five agencies; SEPTA's figures on those two measures (\$19.49 and 2.52) sit in the middle of the group.

To build a more sustainable financial future, SEPTA could acquire more stable revenue if PA state legislation allowed counties to levy taxes for public transportation. This legislative change is critical, as without it, SEPTA's funding remains reliant on a volatile state budget. SEPTA's deepening \$10.2 billion capital backlog and severely aged fleet are symptoms of having only one-third of its peers' capital funding. While SEPTA's rail operations show competitive cost-per-trip figures, its efficiency is undermined by an unstable funding structure that continuously forces the agency to prioritize survival while neglecting infrastructural advancements and the state of good repair. This instability, as of most recent, has forced the agency to redirect capital funding toward operating expenses, delaying critical system investments and increasing long-term costs.



CONCLUSION

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YAC Guide to Transit Funding Conclusion

SEPTA's funding challenges are not the result of mismanagement or a uniquely difficult service area, but of a funding structure that leaves the Authority more exposed to political and budgetary volatility than its peers. Compared with WMATA, the RTA, the MBTA, and PRT, SEPTA relies more heavily on the Commonwealth of Pennsylvania and receives far less dedicated local support, a gap driven directly by state restrictions on county-level transit taxation under PA Title 16. Most peer agencies examined in this report have at least one dedicated, voter- or legislature-approved local or state tax insulated from annual budget negotiations. The CTA and MBTA dedicated sales taxes and local assessments are funding transit no matter the political climate. WMATA and PRT rely on formula-based jurisdictional or county appropriations, which are a function of the agency's performance and service area. SEPTA has neither a dedicated tax nor a reliable formula: its \$146.5 million in local support for FY2027 comes from discretionary county appropriations that can rise, fall, or disappear each budget cycle.

The consequences of this imbalance are already visible in SEPTA's \$10.2 billion state-of-good-repair backlog, its aging rail fleet, and its recent need to redirect capital funds toward operating expenses during Pennsylvania's budget impasse. These are symptoms of a structural funding gap, not a temporary shortfall, and they will continue to recur without a durable local revenue source to complement state and federal support.

The comparisons in this report point toward a clear path



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YAC Guide to Transit Funding Conclusion

Allowing Pennsylvania counties to levy dedicated transit taxes, similar to the sales, payroll, or real estate transfer taxes that fund CTA, MARTA, WMATA, and other peer systems, would give SEPTA the kind of stable, diversified funding base that has allowed comparable agencies to plan capital investments confidently rather than defensively. The Government Affairs Committee recommends that policymakers and advocates prioritize this legislative change as the single most impactful step toward putting SEPTA on sustainable financial footing for the long term.



MATTER

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YAC Guide to Transit Funding Acronyms Glossary

SEPTA — Southeastern Pennsylvania Transportation Authority
WMATA — Washington Metropolitan Area Transit Authority
MBTA — Massachusetts Bay Transit Authority
PRT — Pittsburgh Regional Transit
CTA — Chicago Transit Authority
RTA — Regional Transportation Authority (Chicago region)
MARTA — Metropolitan Atlanta Rapid Transit Authority
MTA — Metropolitan Transportation Authority (New York)
FTA — Federal Transit Administration
FHWA — Federal Highway Administration
APTA — American Public Transportation Association
IIJA — Infrastructure Investment and Jobs Act
NTD — National Transit Database
FY — Fiscal Year
GDP — Gross Domestic Product
ADA — Americans with Disabilities Act
BRT — Bus Rapid Transit
LRV — Light Rail Vehicle
PTC — Positive Train Control
FOR — Fiber Optic Resiliency
RAD — Regional Asset District (Allegheny County)
RETT — Real Estate Transfer Tax
ATU — Amalgamated Transit Union
SB — Senate Bill
PA — Pennsylvania
DC — District of Columbia
MPO — Metropolitan Planning Organization
NITA — Northern Illinois Transit Authority
MassDOT — Massachusetts Department of Transportation



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