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September 5, 2025

The Honorable Michael Carroll, Secretary  
Pennsylvania Department of Transportation  
Keystone Building  
400 North St., Fifth Floor  
Harrisburg, PA 17120

Dear Secretary Carroll:

This letter is to request the Pennsylvania Department of Transportation's (Department) approval of the one-time use of Southeastern Pennsylvania Transit Authority's (SEPTA) state capital assistance funding allocated under 74 Pa.C.S. § 1514(e.1)(1) to fund SEPTA's operations.

Section 427.6(b) of the Department's Regulations, 67 Pa. Code § 427.6(b), allows the use, with Department approval, of capital assistance funds for operating assistance to prevent one or more of the following – a reduction in service, to prevent an fare increase or to prevent a projected one-time unbalanced operating budget.

As you know, SEPTA is facing a \$213 million budget deficit and has been advocating for multiple years for increased funding from the Commonwealth. As a result of Thursday's decision in the Philadelphia Court of Common Pleas, SEPTA is required to continue to provide a level of service that is unsustainable without further operating funds.

We are grateful for the short-term actions that have supported SEPTA over the last few years, including Governor Shapiro signing FY2024-25 budget that included an additional \$80 million for mass transit – of which \$46 million was allocated to SEPTA – and the Governor using his authority to flex \$153 million in federal highway transportation funding last November.

It was our hope that the Legislature could come to an agreement and pass into law Governor Shapiro's plan to increase recurring revenue and find a long-term solution for SEPTA. We are thankful to the Governor and the entire Shapiro Administration for staying at the table and fighting for SEPTA's riders and employees; however, given the legislative delay, and increasing fiscal pressures, we are faced with no other option than to request this waiver.

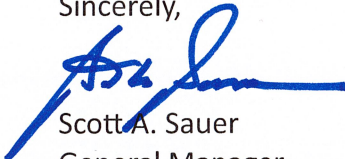
To address the deficit, SEPTA has implemented austerity measures including a hiring freeze and administrative cuts which reduced the size of the deficit from \$240 million to \$213 million. There is nothing left to cut from the budget but service.

Maintaining service levels is critical to the residents and visitors of Southeastern Pennsylvania, and to our Commonwealth's entire economy. With this request to use up to \$394,000,000 of capital assistance funding to support its operations, SEPTA will be able to restore service as part of a plan to avoid cuts and planned service reductions for the next two years.

As required by 67 Pa. Code § 427.6(b)(3), the maintenance and improvement of SEPTA's infrastructure supported by the state capital assistance funding will continue, but we have intentionally reviewed all planned capital expenditures, and we do not believe this one-time deferral of capital projects will jeopardize the safety of riders on the system. SEPTA recognizes that transferring capital funds to operating – with no commitment to replace them – is not a sustainable long-term solution to SEPTA's current budget crisis. These capital dollars will not be available to support critical infrastructure rehabilitation and vehicle replacements when needed. We urge all parties to continue to work toward agreement on a transit funding plan that preserves the service our customers and region deserve.

Thank you for your prompt review and consideration of this urgent request.

Sincerely,



Scott A. Sauer  
General Manager