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Statement to the New Jersey Transit hearing on proposed service reductions and fare increases March 25, 2010

My name is Corey Piasecki. I am the Associate Planner for Regional Plan Association, New Jersey, a non-profit research and planning organization serving the greater New York region. Thank you for this opportunity to testify on the proposed reductions in service and fare increases.

As we all know, the State of New Jersey is facing an unprecedented fiscal crisis. Governor Christie has proposed reducing NJ TRANSIT'S operating subsidy by \$33 million in FY '10, leaving the agency with a budget gap approaching \$300 million for FY '11. No comparable cuts have been proposed for the state's other transportation agencies.

To further exacerbate the problem, New Jersey's Transportation Trust Fund—a major source of funding for NJ TRANSIT operation and capital expenses—will run dry by next year. According to a recent report released by Regional Plan Association, the entire \$900 million in tax revenue raised for transportation will instead go to paying down principal and interest on existing debt.

Returning the State to fiscal solvency and responsible spending practices is of the utmost importance, but compromising our public transportation system in order to do so is not an option. We should be looking at funding approaches that spread the pain equitably between transit users, motorists and goods movement. Transit users — particularly bus riders — represent New Jersey's most vulnerable populations. They also have a much reduced carbon footprint relative to motorists and trucks. The state should be doing everything it can to incentivize transit ridership. Higher fares and steep service cuts will certainly not achieve that. Indeed transit service cuts undermine public investments already made in rolling stock and equipment and as such constitute poor public policy.

So where do we go from here?

First and foremost, the state must make a commitment to recapitalize the Transportation Trust Fund. To restore solvency to the Trust Fund the state must explore a combination of revenue sources, including but not limited to, increasing the gas tax, increasing or adding new tolls, and limited transit fare increases. These funds should be constitutionally dedicated to support the Trust Fund and NJ TRANSIT must have a dedicated source of funding.

Shifting Trust Fund dollars to cover operating expenses— as NJ TRANSIT has had to do for the past two decades, is not a solution, even if the Trust Fund were solvent. Using money intended for long term capital improvements to cover operating expenses clouds the true cost of operating the transit system.

NJ TRANSIT must also make a commitment to first maintain existing service levels and to reduce its capital costs by only pursuing those transit expansion projects that are cost effective and promote smart growth. NJ TRANSIT'S first experience with bus rapid transit in Newark has shown that modest capital investments can generate significant travel benefits for thousands of riders.

Regional Plan Association does not dispute the periodic need to raise transit fares in order to match rising maintenance costs and inflationary pressures, nor do we dispute the need to eliminate underperforming or duplicative routes. However, the motor vehicles fuel tax and other road based fees should be raised simultaneously to equally spread the burden of paying for our state-wide transportation systems. Doing so will stabilize the comparative cost of vehicular travel versus mass transit while encouraging growth in smart growth locations, thus keeping the state on the path to a more sustainable future.

Thank You.