

NJ TRANSIT FISCAL YEAR 2025 FARE ADJUSTMENT PROPOSAL

JANUARY 2024

WHO WE ARE

NJ TRANSIT is the **third largest transit system in the country, and the nation's largest statewide public transportation system**, providing over 215 million annual passenger trips linking major points in New Jersey, Philadelphia & New York via:

- 263 bus routes, 19,000+ bus stops
- ~700 daily trains across 12 commuter rail lines, 166 rail stations
- 3 light rail lines, 62 light rail stations
- Statewide Access Link paratransit service

NJ TRANSIT HAS A PROFOUND IMPACT ON THE REGION'S ECONOMY

\$25 BILLION

ECONOMIC ACTIVITY GENERATED BY NJ TRANSIT'S \$5 BILLION OF SPENDING, AS EVERY \$1 INVESTED IN TRANSIT TRANSLATES TO \$5 OF ECONOMIC ACTIVITY*

12,000+

JOBS PROVIDED BY NJ TRANSIT TO PEOPLE, MOST OF WHOM ARE NEW JERSEY RESIDENTS



19,000

ADDITIONAL JOBS GENERATED IN OTHER BUSINESSES AND COMPANIES FROM STATE SPENDING ON NJ TRANSIT, CONSTRUCTION, OPERATIONS AND MAINTENANCE

64%

OF NEW JERSEY BUSINESSES ARE LOCATED CLOSE TO TRANSIT

4 MILLION

NEW JERSEY JOBS ARE LOCATED CLOSE TO TRANSIT

* Per [APTA](#)

Capital Projects

The \$13.3 billion of projects proposed in NJ TRANSIT's updated 5-Year Capital Plan would generate:

- **192,000 FTE job-years of employment with \$14.5 billion in earnings**
- **\$1.2 billion in direct state taxes**

NJ TRANSIT also has a direct & positive impact on:

- **Highway Traffic & Safety**
- **Property Values**
- **Tourism & Recreation**
- **Sustainability & Environmental Justice**
- **Education & Veterans**

NJ TRANSIT: PUTTING RESOURCES TO GOOD USE

- **Achieved record-high Customer Satisfaction scores – 83% of survey respondents would recommend NJ TRANSIT.**
- **Received APTA’s highest award - 2023 Outstanding Public Transportation System in North America.**
- Fully restored our depleted ranks of train engineers and graduated more than 2,300 new bus operators since 2018.
- Since 2018, \$4 billion in capital projects underway or soon to enter procurement; set to advance \$8 billion more over next 3 years – up from just \$60 million in hard money contracts on the street in 2017.
- Broke ground in August 2022 on the new Portal North Bridge, awarding a \$1.6 billion construction contract – the largest in the agency's history.
- Met the federal requirements for Positive Train Control (PTC) in December 2020.
- Maintained full service throughout the pandemic, by responsibly using federal COVID-relief funding over a multi-year period.

<u>Improving Service, Reliability & Safety</u>	<u>Enhancing Our Customer Experience</u>
<u>Setting A Vision for the Future</u>	<u>Providing Nationally-Recognized Security</u>
<u>Advancing Major Capital Projects</u>	<u>Responding to COVID-19</u>

FY25 BUDGET CONSIDERATIONS (1 OF 2)

- In July 2023, NJ TRANSIT's very preliminary estimates for Fiscal Year 2025 (FY25) (July 1, 2024 – June 30, 2025) identified a projected budget deficit of \$119 million.
- As the FY25 budget projections have continued to be refined since that time, cost drivers have increased substantially, which will be highlighted later in the presentation.
 - One example of a significant cost driver is the ongoing operating costs for the assumption of abandoned private carrier bus services by DeCamp, Coach USA and A&C, which is **more than \$30 million, alone.**
- Revenue from federal COVID-relief funding will be lower in FY25 than in FY24, as remaining relief funding completely runs out in FY25.
- As NJ TRANSIT began the preparations for the FY25 budget process, the agency underwent an intensive internal assessment to **identify and maximize cost reductions and revenue enhancements.**

FY25 BUDGET CONSIDERATIONS (2 OF 2)

- A combination of **\$44 million in cost reductions**, along with an **additional \$52 million in revenue enhancements**, helps NJ TRANSIT reduce the projected FY25 deficit and offset some mandatory, non-discretionary cost escalations.
- Internal savings and revenue enhancements alone are not sufficient to eliminate this budget gap.
- We will continue to pursue additional federal support; however, at this point NJ TRANSIT cannot rely on any further federal assistance for operating expenses.
- A proposed fare adjustment of 15%, along with NJ TRANSIT's internal efficiencies, savings and revenue enhancements would allow for a fully funded FY25 operating budget that avoids reducing service levels.
- **IMPORTANT**: This proposal would maintain current overall service levels through FY25.

HOW WE GOT HERE (1 OF 2)

- While NJ TRANSIT ridership exceeds that of many peer agencies, it continues to lag pre-pandemic levels.
- NJ TRANSIT is entering the 5th year of ridership that will be below pre-COVID levels.
- The 5th consecutive year of ridership below pre-COVID levels has resulted in a reduction of nearly **\$2 billion** in fare revenue since March 2020.
- This is not only a NJ TRANSIT issue. **Transit agencies across the country are facing similar budget deficits.**

HOW WE GOT HERE (2 OF 2)

- NJ TRANSIT's responsible use of over \$4 billion in federal COVID-relief funds allowed the agency to fully fund its FY20 thru FY24 operating budgets and maintain current service levels, unlike many other agencies which cut service.
- As such, NJ TRANSIT ridership has bounced back to about 80% overall of pre-COVID, with many peak period trips already at or exceeding pre-COVID levels.
- This strong return in ridership is largely the result of continuing to run full service throughout the pandemic.
- However, the COVID pandemic has exacerbated the structural funding issues that have existed since NJ TRANSIT was created more than 40 years ago.
- **The last NJ TRANSIT fare increase was in 2015.**

COST DRIVERS HAVE INCREASED SIGNIFICANTLY

- **Inflation**

- Overall inflation has risen over 30% since 2015, affecting things such as fuel costs & materials

- **Operational Costs**

- More than \$30 million associated with operating emergency bus service to replace abandoned private carrier bus routes.

- **Contracted Services**

- Such as our Access Link paratransit service, the River LINE & Hudson-Bergen Light Rail systems, and contracted bus service operated by private carriers.

- **Contractual Annual Wage Increases**

- Related to labor collective bargaining agreements covering over 10,000 of 12,000+ employees

- **Healthcare Costs**

- Have risen nearly 47% during this period.

DRIVING DOWN THE BUDGET GAP

NJ TRANSIT continuously identifies and implements measures to reduce costs and increase revenue.

- Identified cost reductions of \$44 million in FY25.
- NJ TRANSIT has also identified a package of additional revenue enhancements of ~\$52 million in FY25, including but not limited to:
 - Enhanced fare enforcement
 - Increasing advertising & sponsorships
 - Implementing a 30-day expiration date on all one-way tickets
 - Discontinuing the FLEXPASS pilot

These measures reduce the projected FY25 operating budget deficit and offset mandatory, non-discretionary, and contractual increases despite substantial cost driver escalations.

CLOSING THE FY25 BUDGET GAP

To close the remaining \$106.6 million FY25 operating budget gap, NJ TRANSIT proposes:

- A 15 percent system-wide fare adjustment, effective July 1, 2024.
 - No fare would increase more than 15%.

FUTURE SMALLER ADJUSTMENTS PROVIDE ADDITIONAL STABILITY & PREDICTABILITY BEYOND FY25

This fare adjustment proposal also includes annual systemwide increases of 3%, to take effect on July 1, 2025, and again on July 1st of each subsequent year. No fare would increase more than 3% annually.

Smaller annual adjustments are a longer-term solution that:

- Provide predictability for customers, while avoiding larger, double-digit increases that become necessary following multiple years of stagnant fares.
- Provide enhanced predictability for NJ TRANSIT's annual budget planning.
- Help keep pace with inflation and mandatory contractual cost escalations.

FY24-26 OPERATING BUDGET: ACTUAL & PROJECTED

All figures in \$ millions

	FY24	FY25 Preliminary (w/ 15% fare adjustment)	FY26 Projected (w/ 3% adjustment)
Farebox Revenue	776.3	947.0	1,005.0
Other Revenue	121.0	131.7	135.4
Operating Revenue	897.3	1,078.7	1,140.4
State Operating Subsidy	142.0	140.0	140.0
NJ Turnpike Funding	440.0	455.0	470.0
Clean Energy Fund	70.1	70.1	70.1
State Assistance	652.1	665.1	680.1
Federal Capital Preventive Maintenance	334.0	334.0	334.0
State Capital Preventive Maintenance	0.0	0.0	0.0
Capital Preventive Maintenance	334.0	334.0	334.0
All Other Reimbursements	176.4	176.4	177.9
Subtotal Revenues	2,059.8	2,254.2	2,332.4
Federal COVID-19 Assist.	808.8	749.3	0.0
TOTAL REVENUE	\$2,868.6	\$3,003.5	\$2,332.4
TOTAL EXPENDITURES	\$2,868.6	\$3,003.5	\$3,099.2
NET REVENUE	\$0.0	\$0.0	(\$766.8)

SAMPLE FARES WITH PROPOSED FY25 ADJUSTMENT

EFFECTIVE JULY 1, 2024

Travel Mode	Current One-Way Fare	Proposed One-Way Fare
▪ Bus (One-Zone Local)	\$1.60	\$1.80
▪ Bus (Interstate to NY)		
— Jersey City to PABT	\$3.50	\$4.00
— Toms River to PABT	\$21.25	\$24.40
▪ Access Link Base Fare*	\$1.45	\$1.65
▪ Newark Light Rail	\$1.60	\$1.80
▪ River LINE	\$1.60	\$1.80
▪ HBLR	\$2.25	\$2.55
▪ Rail		
— Philadelphia to Pennsauken	\$4.25	\$4.85
— Princeton JCT to PSNY	\$16.00	\$18.40



FY25 FARE ADJUSTMENT PROPOSAL FEATURES

This proposed fare adjustment:

- **Maintains current overall service levels**
- **Closes the operating budget gap** when combined with internal efficiencies, savings & revenue enhancements
- **Preserves discounts** for seniors, people with disabilities, military personnel and students
- **Preserves current travel flexibility features**

PUBLIC HEARING SCHEDULE

Date	Time	County	Location	Hearing Facility
Monday, March 4	11am-1pm	Camden	Cherry Hill	Cherry Hill Public Library
Monday, March 4	6pm-8pm	Atlantic	Atlantic City	Atlantic City Convention Center
Tuesday, March 5	10am-Noon	Passaic	Paterson	Passaic County Community College
Tuesday, March 5	6pm-8pm	Bergen	Hackensack	Bergen County Administration Bldg.
Wednesday, March 6	10am-Noon	Mercer	Trenton	Trenton Transit Center
Wednesday, March 6	6-8pm	Monmouth	Belmar	Belmar Municipal Building
Thursday, March 7	10am-Noon	Middlesex	Woodbridge	Berkeley College
Thursday, March 7	6-8pm	Union	Union	Kean University
Friday, March 8	10am-Noon	Hudson	Secaucus	Frank R. Lautenberg Rail Station
Friday, March 8	6-8pm	Essex	Newark	NJ TRANSIT Headquarters

**For more details and to submit comments,
visit njtransit.com/hearing**



YOUR INPUT MATTERS!

- FY25 Fare Proposal Information and Comments:

njtransit.com/hearing

- Comments may also be submitted to hearing@njtransit.com or mailed to:

NJ TRANSIT

Attn: Public Hearing Office – Fare Proposal Comments

One Penn Plaza East

Newark, NJ 07105

- **Public Comment period is open through 11:59 p.m. Friday, March 8, 2024.**
- Non-fare adjustment proposal feedback should be submitted via njtransit.com/contact or by calling Customer Service at (973) 275-5555 between 8:30am-5pm, 7 days a week.

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