

An open letter to Governor Murphy and the New Jersey State Legislature:

As New Jersey continues to strive for an equitable economic recovery from Covid-19, it is essential that it has a well-functioning transit system to help those who need it most, especially the essential workers who have relied on transit throughout the pandemic and will continue to do so in its aftermath.

Yet the past year has decimated NJ Transit's farebox revenue, and while Federal Covid-19 recovery funds will keep NJ Transit solvent for the near future, the agency must have a dedicated, ongoing funding stream to end the longstanding practice of using capital funds to pay for operational expenses and allow the agency to effectively plan and rebuild for its future.

The stresses on the State budget may increase in the coming years, making the risk of service cuts and fare increases more likely. That would put undue strain on those who can least afford it.

Unlike many comparably sized transit systems around the country, NJ Transit is not supported by a dedicated funding source and has been forced to use its capital funding for day-to-day operations. This practice perpetuates a cycle of disinvestment and deferred maintenance that takes an ongoing toll on riders through delays and inadequate conditions on buses and trains. We must rectify this problem by clearly identifying how the State will finally end this harmful practice and by fully funding NJ Transit's five-year capital plan with funds allocated to operations and capital investment.

This year, we have been pleased to hear of NJ Turnpike Authority's commitment to share future toll revenues to support NJ Transit – with the outcome of a reduction by \$100 million this year in the average amount of capital to operating transfer – which will be an important part of the State's contribution to NJ Transit over the coming years. Yet, we also believe that the final New Jersey State budget must also do the following:

- Identify and establish dedicated, ongoing funding sources that avert the use of capital and Clean Energy Fund dollars to fill operating budget gaps, and that meet structural increases in transit operating costs that result from established labor contracts, inflation, and other price increases.
- Fully fund NJT's 10-year strategic and five-year capital plans and ensure that dedicated funds are directed to operating and capital budgets.
- Position NJ Transit's capital projects to benefit from Federal Government infrastructure partnership by assuring the availability of capital dollars to match Federal contributions. The American Jobs Act promises to elevate the needs of transit agencies, rail and bus riders, and other infrastructure needs. It is incumbent on the Legislature to make funding for the local share of projects available so transit capital projects can advance swiftly through the U.S. Department of Transportation financial and environmental review processes.
- Reserve a portion of future budget surpluses and the State's rainy-day fund for NJ Transit when needed.
- Formalize the NJ Turnpike Authority toll revenue sharing proposed by NJDOT Commissioner Gutierrez-Scaccetti, which was agreed to last May and re-affirmed in September codified partially in the adopted FY '21 and proposed FY '22 budgets to generate up to \$375 million in 2021, including the \$246 million currently being held in escrow, and grow to a maximum of \$525 million annually.

Without progress on these actions, NJ Transit will struggle to meet strategic objectives that are crucial for achieving the state's economic health and an equitable recovery from the pandemic.

We appreciate Governor Murphy and Commissioner Gutierrez-Scaccetti's proposal to reduce the capital-to-operating expenditure by approximately \$100 million this year and to advance key elements of the Gateway Program over the past year, but we also must recognize there is much more work to be done. Now it is time to take the steps presented above to put New Jersey residents back to work following the pandemic and to restore the reliability and capacity of NJ Transit to move New Jersey safely and efficiently. With federal funding infusing the agency with money in the near term, there may never be a better time to act.

We are willing to discuss these matters in more depth at your earliest convenience and look forward to establishing a dialogue about how to proceed. Thank you very much for your consideration of these important issues facing New Jersey residents today.

Yours sincerely,

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