

# Transit In Governor Shapiro's FY 2026–27 Proposed Budget

## *What Changes, What is Essentially Flat, and What is Cut*

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Transit in the Commonwealth is currently funded through a mix of sales tax transfers, Turnpike payments, Lottery Fund transfers, Public Transportation Assistance Fund transfers, motor vehicle fees, fines, and some federal funds. Governor Shapiro's FY 2026–27 proposed budget does not make any immediate structural change to the way transit is funded in FY 2026–27. However, it does propose a new, ongoing funding stream for the Public Transportation Trust Fund beginning in FY 2027–28.

### **Key Takeaways**

- The biggest transit action in the proposal is a new, ongoing funding stream, but it does not start in FY 2026–27. Beginning July 1, 2027 (FY 2027–28), the proposal would add a new transfer of funds to support operations of the Pennsylvania Public Transportation Trust Fund equal to 1.75% of total sales and use tax revenues collected. The Budget notes this would provide roughly \$319.6 million beginning in FY 2027–28. While this would create a more stable, dedicated funding stream for transit over time, it still leaves immediate FY 2026–27 funding pressures unresolved and does not generate new revenue on its own.
- In FY 2026–27, the Public Transportation Trust Fund continues to rely on existing dedicated sources: Turnpike payments, a portion of sales and use tax funds, certain motor vehicle fees, vehicle code fines and surcharges, and transfers from other funds. In other words, the current funding structure largely remains in place this year.
- The sales and use tax portion remains the same for FY 2026–27: the Public Transportation Assistance Fund (0.947% of revenues) and the Public Transportation Trust Fund (4.4% of revenues), plus an additional transfer that approximates 3.28% of revenues.
- At the same time, key operating-related line items increase. Under the Public Transportation Trust Fund cash flow statement, the transfer of sales and use tax into the fund increases from \$1.300 billion (the amount available in FY 2025–26 under the current budget) to \$1.355 billion (the amount estimated for FY 2026–27), about a 4.2% increase. Mass Transit Operating also rises from \$1.134 billion to \$1.184 billion, and support for Programs of Statewide Significance increases from \$286.0 million to \$300.0 million. The Public Transportation Assistance Fund mass transit line also increases from \$277.1 million to \$285.2 million.

- Despite increases in some line items, total Public Transportation Trust Fund receipts are estimated to decline from \$1.959 billion to \$1.925 billion, a decrease of about 1.7%, with Asset Improvement falling from \$1.215 billion to \$840.0 million, highlighting the fund’s near-term cash flow constraints. Passenger Rail Capital and Capital Improvement remain flat at \$33.0 million and \$40.0 million, respectively.

## **Why Transit Funding Matters in the 2026–2027 Budget**

The Public Transportation Trust Fund is the Commonwealth’s key dedicated transit fund, used for operating costs, capital and asset improvements, and programs of statewide significance, meaning those programs that are not limited to a single local transit agency’s regular operating service. These may include intercity connections, statewide coordination efforts, or other transit priorities that serve Pennsylvanians across regions.

This funding matters because transit is essential to daily life and economic opportunity across Pennsylvania. That is especially true after recent budget cycles in which the Commonwealth relied on short-term fixes and uneven allocations, with operating support rising while asset improvement funding came under pressure. Some transit systems, including SEPTA and Pittsburgh Regional Transit, have already warned of severe consequences without new state support. SEPTA said its FY 2026 budget would cut service by 45% and raise fares by 21.5%, while Pittsburgh Regional Transit said it faced a projected \$100 million FY 2026 deficit and warned that, without new sustainable funding, it may have to reduce service levels, eliminate routes, raise fares, and delay or cancel capital projects.<sup>1,2</sup> This makes stable, recurring transit funding all the more important in the 2026–2027 budget.

## **What Changes for Transit in the Proposed Budget**

While the proposal’s major policy change is to dedicate an additional 1.75% of total sales tax collections to the Public Transportation Trust Fund to support mass transit statewide starting in FY 2027–28, the proposed budget still increases funding for some line items in FY 2026–2027, including

- Transfer of Sales and Use Tax into the Public Transportation Trust Fund: up \$54.95 million, from \$1.300 billion to \$1.355 billion.
- Mass Transit Operating: up \$50.0 million, from \$1.134 billion to \$1.184 billion.
- Programs of Statewide Significance: up \$14.0 million, from \$286.0 million to \$300.0 million.
- Public Transportation Assistance Fund, Mass Transit: up \$8.024 million, from \$277.140 million to \$285.164 million.
- Transit Administration and Oversight: up \$0.275 million, from \$5.513 million to \$5.788 million.

## What Stayed the Same

Among the line items that remain flat-funded for FY2026–27 are

- Passenger Rail Capital: flat at \$33.0 million, which supports capital needs related to intercity passenger rail service.
- Capital Improvement: flat at \$40.0 million, which supports transit capital projects and system improvements.

## What Got Cut or Reduced

The two main line items cut in this budget proposal are

- Asset Improvement: down from \$1.2149 billion in FY 2025–26 available under the current FY 2025–26 budget to \$840.0 million proposed for FY 2026–27, a cut of about \$374.9 million.
- Multimodal Transportation Fund total: down from \$192.667 million to \$174.600 million.

In addition, the proposed budget also expects the PA Public Transportation Trust Fund’s total receipts to be down from \$1.9587 billion to \$1.9255 billion, a decline of about \$33.2 million.

**Table 1: FY 2025–26 vs proposed FY 2026–27 (selected transit lines)**

Line Item	2025–26 available	2026–27 proposed	Dollar change	Percent change
Transfer of Sales and Use Tax to Public Transportation Trust Fund	1,300,298	1,355,248	54,950	4.2%
Public Transportation Assistance Fund – Mass Transit	277,140	285,164	8,024	2.9%
Mass Transit Operating	1,134,093	1,184,093	50,000	4.4%
Programs of Statewide Significance	286,000	300,000	14,000	4.9%
Transit Administration and Oversight	5,513	5,788	275	5.0%
Passenger Rail Capital	33,000	33,000	0	0.0%
Capital Improvement	40,000	40,000	0	0.0%
Asset Improvement	1,214,900	840,000	(374,900)	-30.9%
Multimodal Transportation Fund total	192,667	174,600	(18,067)	-9.4%
Transfer to Commonwealth Financing Authority	92,297	73,934	(18,363)	-19.9%
Public Transportation Trust Fund total receipts	1,958,720	1,925,492	(33,228)	-1.7%

Source: Governor’s Executive Budget 2026–2027, “Other Special Funds, Public Transportation Trust Fund, Statement of Cash Receipts and Disbursements.” Amounts are in thousands (as shown in the budget book).

## Why This Matters

Transit funding is a lifeline for many Pennsylvanians. It supports access to jobs, schools, health care, and everyday necessities, and it helps local and regional economies function.

While the current proposal points toward a more stable dedicated transit funding stream in the future through the proposed 1.75% sales tax transfer to the Public Transportation Trust Fund beginning in FY 2027–28, it does not address the broader need for revenue—nor does it provide enough immediate support to resolve transit funding pressures in FY 2026–27.

That is why For Our Common Wealth’s broader message still matters here: Pennsylvania cannot maintain essential public services like transit without sustainable, adequate revenue. Without it the Commonwealth will continue to face tradeoffs that put critical systems at risk. If Pennsylvania is going to maintain and strengthen public transit in the face of rising costs and ongoing funding pressures, state leaders will need revenue solutions that are both stable and sufficient.

### **Footnotes**

1. Southeastern Pennsylvania Transportation Authority, “SEPTA Board Approves FY26 Budget with Devastating Service Cuts & Fare Increases,” press release, June 26, 2025, <https://www.septa.org/news/septa-board-approves-fy26-budget/>.
2. Pittsburgh Regional Transit, “Funding Crisis,” accessed March 30, 2026, <https://www.rideprt.org/funding-crisis/>.