

# Philadelphia region transit system begins to enact “doomsday” budget cuts

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**17 August 2025**

On August 14, the Southeastern Pennsylvania Transportation Authority (SEPTA) began to initiate service cuts associated with its “doomsday budget” previously announced in late June. SEPTA had previously designated August 14 as “the point of no return,” after which the scheduled cuts could not be reversed. The initial cuts will take effect on August 24, with additional phases planned thereafter.

The cuts in Philadelphia are part of a nationwide attack on public services. At the federal level, Trump and the Republicans are destroying entire government agencies and have spearheaded the “Big Beautiful Bill,” which slashes around \$1 trillion from Medicaid, food stamps and other key programs. But the Democrats’ pro-austerity agenda is shown by their role in enforcing massive cuts across almost every major city in America.

Similar “doomsday” cuts are taking place to the Chicago transit system. School systems in Democratic Party-controlled cities across the country, including Chicago and Philadelphia, are dealing with hundreds of millions in funding shortfalls.

Philadelphia is emerging at the forefront of the class struggle. In July, thousands of municipal workers struck for eight days against poverty conditions. August 31 is the strike deadline for 14,000 city teachers, who voted 94 percent to strike once their contract expires. Teachers in other US school districts, including every major city in California, are also pushing for strike action this fall.

The struggle to defend transit, schools and other basic programs is a political fight against the two corporate parties which requires an independent strategy by the working class. This requires a rebellion against the trade union bureaucracy, which works on behalf of the capitalist parties to rein in the class struggle.

The sabotage last month of the city workers’ strike by the AFSCME union is a stark warning to SEPTA workers and teachers that they must begin establishing their own alternative structures to countermand any sellout, impose democratic control over their own struggle and appeal to workers across the city and the country for a wider movement in defense of key social programs.

Additionally, all rail services will see a 20 percent reduction in trips. Remaining cuts, scheduled through January 2026, include average fare increases of 21.5 percent for all riders and an additional 25 percent reduction in services starting in January 2026. A complete hiring freeze is scheduled to go into effect in September, limiting new job creation and opportunities for advancement within SEPTA.

These cuts will have severe economic and social consequences. According to SEPTA data from 2022, 50 percent of its estimated nearly 800,000 annual riders earn \$34,000 or less. At least 21 percent of riders earn under \$15,000 annually. Many low-income riders heavily rely on public transportation for commuting to work, educational institutions and navigating the city.

Reduced public transit service will also exacerbate traffic congestion, leading to longer commutes, increased strain on infrastructure, and potential safety concerns. A traffic report that anticipates these cuts projects that there will be as many as 270,000 additional cars on the roads of an already densely populated city. Estimates also project an annual loss of \$674 million in tax revenue due to various factors, including potential taxpayer relocation and decreased property and sales tax revenues.

The economic fallout could extend beyond revenue losses, with a projected decline of \$19.9 billion in regional household property values, an estimated loss of 76,700 jobs, and \$6 billion in lost potential earnings.

The cuts will deeply impact the SEPTA workforce. Reductions in service across numerous bus routes, subway lines, and regional rail lines may decrease demand for certain roles, potentially resulting in layoffs. Even without direct layoffs, fewer routes and reduced frequency on existing lines will mean less work available for train operators, bus drivers and maintenance staff, potentially impacting earnings and job security.

## Kabuki theater by state Democrats and Republicans

In April 2024, SEPTA CEO Leslie Richards warned that federal COVID-19 funding was diminishing, projecting a budget shortfall of around \$240 million by July 2025.

Last November, Democratic Governor Josh Shapiro diverted \$153 million in highway funds to avert some of the worst cuts and fare increases, though this was clearly a short-term solution. Since then, no serious long-term solutions have been found, and the punishing cuts will be enacted.

## What the transit cuts mean

Pennsylvania Republicans and Democrats failed to pass a budget that would address the \$213 million shortfall facing the state’s largest transportation system.

The first phase, beginning August 24, involves eliminating 32 bus routes, shortening 16 routes and reducing service on 63 others.

The funding crisis is linked to the larger fiscal issue of the state budget for the coming fiscal year being overdue by over 40 days.

House Bill 1788, passed last week in the Democratic-controlled State House, represented the fifth Democratic proposal to be rejected by Republicans despite including concessions to the right wing.

The bill's aims were to increase the share of the state's sales tax dedicated to the Public Transportation Trust Fund, which would have provided approximately \$292.5 million for public transit throughout the Commonwealth. Another provision dedicated additional funding to infrastructure repair in all 67 Pennsylvania counties, a long-overdue investment in the face of crumbling infrastructure.

The bill also included a public-private partnership (P3) provision. This provision mandates that transit agencies, such as SEPTA and Pittsburgh Regional Transit (PRT), are subject to "accountability" measures that include exploring and potentially proposing P3 projects. This provision would essentially allow private capital to slowly acquire different sections and operations of the public transportation system over an extended period.

Another provision continues the political establishment's ongoing class warfare and scapegoating of immigrants and the poor by targeting SEPTA's low-income riders and the supposed crisis of fare evasion.

The highest estimates of annual loss due to fare evasion is that it represents around 31 percent of the current \$213 million shortfall, while the lowest estimates peg the loss at about 14 percent. Regardless of where the real figure lies in this range, fare evaders can only be seen as a product of a system that fails to meet basic social needs.

That such a significant portion of its ridership cannot even afford a \$2-\$4 bus or train ticket in the world's wealthiest country is a damning indictment of a social system itself where public resources are directed into criminal wars and the bank accounts of the already-wealthy.

But even these "compromises" were not enough to win over significant Republican support. Upon passage of the bill, several Republicans called it "political theater." The main Republican criticisms revolved around their demands that there not be stand-alone legislation for SEPTA and that there be more "accountability" for the transit system.

Such demands are absurd coming from a party that wants to turn over public resources and infrastructure to unelected corporate officials who are largely unaccountable to the public. The sell-off of public services is evident in Philadelphia suburbs, where Prospect Medical Holdings declared bankruptcy this spring and left Delaware County without a functional healthcare system.

For its part, the Republican-controlled State Senate passed its own version of a bill, which they knew would not pass the House, thus effectively ensuring that no solution would be found. The Republican "solution" was to take around \$600 million from a \$1.2 billion SEPTA trust fund and use that money to fund SEPTA for the next two years. The proposal was rejected since it creates more financial shortfalls in other areas where much of that trust money has already been earmarked for overdue repairs and safety measures.

right-wing compromises, the party's pseudo-left allies have tried to block social opposition from escaping the two parties' grip. On August 6, the Philadelphia chapter of the Democratic Socialists of America (DSA) held a rally in front of city hall, titled "Save SEPTA." The rally was co-sponsored by Democratic state senator and DSA member Nikil Saval, who promoted the Democrats' House bill and told the crowd to put pressure on local and state Republicans for "stalling" on the legislation.

As they did last month when striking city municipal workers threatened to break free from the local AFSCME union bureaucracy, the DSA is serving its function as an extension of the Democratic Party and political establishment.

Last month, Philadelphia's municipal workers in AFSCME District Council 33 staged an eight-day strike, halting services like garbage collection, to demand better pay and conditions. Despite mass support for a wider struggle, including for SEPTA, union leaders settled for a contract with modest raises, leaving many earning below the city's living wage.

This struggle inspired the founding of the Philadelphia Workers Rank-and-File Strike Committee to take control of the movement out of the union leadership's hands. The committee calls for "SEPTA workers and teachers [to] join in a common fight. The massive school closures and transit cuts must be opposed by a unified movement."

Meanwhile, the Philadelphia Federation of Teachers is on the verge of a contract expiration August 31 after the teachers authorized a strike amid similar frustrations with union leadership's lack of transparency. SEPTA's Transport Workers Union (TWU) Local 234 faces contract negotiations this November after a one-year deal.

In cities and states throughout the United States, municipal systems and public services face devastating cuts. In Chicago, the city has projected a nearly \$1 billion budget deficit, resulting in its own "doomsday budget" for the Chicago Transit Authority (CTA). New York City has a precarious fiscal outlook with a large structural deficit and underbudgeting issues threatening services. Throughout California, major cities face major budget shortfalls in Los Angeles, San Diego, San Francisco and Oakland.

The real solution to the funding crisis requires an independent working class movement aimed at political power and solidarity with global struggles against austerity, declining living standards, environmental harm and war.



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## Lessons of the Philadelphia city workers' strike

While the Democratic Party sought to appease the Republicans with