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TRANSPORTATION ALTERNATIVES
TRI-STATE TRANSPORTATION CAMPAIGN
NEW YORK STATE TRANSPORTATION EQUITY ALLIANCE

Transportation Advocates: Statement on MTA Fare Increase and Four-Year Financial Plan

For immediate release: December 19, 2012

Contact: Veronica Vanterpool, Tri-State Transportation Campaign, 212-268-7474

Today, the MTA votes to raise subway, bus and commuter rail fares. It is also voting on its financial plan for the next four years.

The agency already faced major financial challenges before Superstorm Sandy hit. These have significantly increased in the devastating wake of the storm.

Our groups share the view expressed by MTA Chairman Joseph Lhota that – under any financial plan – new aid from Albany will be needed in the coming years.

We appreciate that the MTA is not planning any service cuts in 2013 – and is sticking to its pledge to add or restore \$29 million in subway and bus service. The agency also deserves credit for proposing additional cost cutting measures.

But our groups have two major concerns about the MTA's four-year financial plan.

First, it assumes another fare increase yielding 7.5 percent more revenue in 2015, continuing a trend of every two-year fare hikes that are greater than the rate of inflation. We think these biennial fare hikes have led to the riding public paying more than their fair share and that it will pose real hardship on many of your riders.

Second, the four-year plan "will require external borrowing, increasing annual debt service." The MTA estimates it has \$4.75 billion in infrastructure damage. The federal government and insurance will pay for most. However, some "\$950 million of infrastructure damage may need to be covered by the MTA." That will come to \$66 million a year in additional debt payments for decades to come.

Funding these needs by MTA bonds will increase pressure on fares through increased debt service - and it sets a troubling precedent for the funding of the next five-year capital program starting in 2015.

Earlier this year, the MTA borrowed \$7 billion to help pay for the last two years – 2013 and 2014 – of its current construction program. The agency already spends \$2 billion a year out its \$13 billion annual operating budget to pay off its existing \$32 billion in debt. Debt service is projected to go up to \$3 billion in future years.

Superstorm Sandy showed us how much the subways, buses and commuter rail means to the life of New York. In the years to come, Governor Cuomo and state legislators must find sustainable revenue sources that take New York's transit network off life support and give riders the safe, reliable and affordable transit they deserve.