Testimony of:

Tri-State Transportation Campaign
Empire State Future
New York State Transportation Equity Alliance

For the Public Hearing of the Assembly Standing Committee on Transportation, "Impact of the State Budget on Upstate Public Transportation Systems"

Thursday, December 5, 2013

Thank you Chairman Gantt and members of the Assembly Transportation Committee for giving Tri-State Transportation Campaign (TSTC), Empire State Future (ESF), and the New York State Transportation Equity Alliance (NYSTEA) the opportunity to submit testimony before this Committee on the *Impact of the State Budget on Upstate Public Transit Systems*.

TSTC is a non-profit policy and advocacy organization working for a more sustainable transportation system. ESF coalition is New York's first and only statewide smart growth advocacy and education organization. NYSTEA is a coalition of over 85 groups across New York State working to reform state and federal transportation policy, with a focus on providing transportation equity for all New Yorkers.

Across the state, transit ridership is at an all-time high. In part, the increase in demand for transit service has been triggered by the recession—personal incomes have been squeezed and to save money, New Yorkers are turning to transit in record numbers to help stretch their limited dollars further. Changing demographics and attitudes toward transit are also playing a significant role. Seniors, in particular, have increased the number of trips they take by transit. In 2009, 12% of all trips in the U.S. were made by people 65 and older, and there was a 40% increase in seniors' use of public transit between 2001-2009.[1] Simultaneously, younger generations are choosing to drive less, and use alternative modes of transport more. A recent study showed a substantial decrease in the number of young people with driver's licenses: In 2008, only 31% of 16 year olds had licenses, compared to 46% in 1983.[2]

Ridership is also being positively impacted by upstate transit systems that are making innovative and successful efforts to deliver the services their customers want. For example, more convenient and speedy Bus Rapid Transit here in Albany has lead to a 25% increase in ridership levels over a two-year time period. New partnerships between the Rochester transit system and local universities have contributed to the 7% growth in ridership this year.

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[1] Lyno, Jana and Figueiredo, Carolos (2011). "How the Travel Patterns of Older Adults are Changing: Highlights from the 2009 National Household Travel Survey," AARP, Washington, DC. Available at: http://assets.aarp.org/rgcenter/ppi/liv-com/fs218-transportation.pdf

[2] Michael Sivak and Brandon Schoettle, "Recent changes in the age composition of U.S. drivers: implications for the extent, safety, and environmental consequences of personal transportation", The University of Michigan Transportation Research Institute, 2011. http://deepblue.lib.umich.edu/bitstream/2027.42/85149/1/102751.pdf

Unfortunately, amidst this increased demand for transit services, New York's upstate transit providers are facing an unprecedented funding squeeze. Stagnant, unreliable and inadequate revenues have been coupled with escalating expenses. Gas, employee benefits, and insurance have all increased faster than inflation and fare revenue. Demand for paratransit (which provides transportation for handicapped individuals who are unable to access the fixed-route buses), has gone up, requiring additional resources. Sprawl outside of New York City has forced public transit authorities to deal with the "spatial mismatch" between jobs, housing and transit-dependent individuals by re-evaluating needs and shifting routes where possible. Sprawl means buses need to cover more ground, putting an increased financial and tactical burden on the system. There has also been an increase in non-traditional travel patterns, such as reverse and off-peak commutes that are, in part, a result of businesses shifting from a 9-5 world.

With insufficient funding and escalating expenses, transit providers have been forced to make difficult choices—raising fares, cutting service, and dipping into reserve and capital funds to keep their systems running. Their inability to maintain core services results in shrinking options for those who can least afford it, including low-income, senior, and other transit-dependent populations. As service becomes more inconvenient and unreliable, quality of life deteriorates. For the transit-dependent, inadequate transportation options can mean missed doctor's appointments, the inability to get to a job, or to age in place. New Yorkers' impaired mobility can also have a negative impact on the State's bottom line. When New Yorkers can't get to a job or the doctor, or need to move into long-term care facilities, New York's taxpayers face higher costs—for social services, health care, and lost business opportunities.

Inadequate transit options impact the bottom line for thousands of New York's businesses as well. As a soon to-be-released TSTC report points out, transit systems enhance labor market efficiency in multiple ways:

1. Giving workers access to a wider range of job opportunities, including jobs that offer higher wages and better opportunities for advancement than those that are available in their own neighborhoods.

2. Allowing workers to access a wider range of job opportunities without having to incur the cost of car ownership.

3. Better access to jobs can also translate into fewer and shorter spells of unemployment.

4. Better transit service gives employers access to a larger and more diverse labor pool.

This upcoming report estimates that the earnings of those who use the Westchester Bee Line bus system to get to work are in aggregate about $69 million higher than they would be if bus service were not available. In 2012, the estimated direct and indirect impacts of Bee Line's transit service accounted for approximately 1,260 jobs and $208 million in economic output in Westchester County—that's about $23 in economic activity for every dollar spent directly on bus operations. In other words, transit is key to New York's economic revitalization efforts.

Recommendations for the Upcoming State Budget
Like roads, transit systems don't pay for themselves. Farebox revenues generally cover about a third of the operating expenses of running a public transit system, and none of the capital expenditure needs, so systems are dependent on local, state and federal governments to fill the gap. Given the significant impact of the state budget on upstate transit service, we recommend the following for the upcoming state budget:

Operating Funds: There are structural problems with the way upstate systems are currently funded by the state. Current revenue streams, established 30 years ago, are not inflation sensitive, and have experienced less growth compared to the revenues streams for downstate transit systems. The Petroleum Business Tax (PBT), the only dedicated funding source for upstate systems, has grown 8% over last 10 years, substantially outpaced by both inflation and escalating expenses. This anemic growth resulted in flat revenues in last year's state budget for upstate transit systems, compared to the 9% increase in funds for downstate systems. *We support the New York Public Transit Association's proposal to make a revenue-neutral swap of the PBT for a portion of the state sales tax in order to help stabilize operating funds in the future.*

Capital Funds:
Poor operating revenues have resulted in the diversion of capital resources to fill the gap. Federal transit funding has been flat, and the federal discretionary capital programs no longer exist. Additionally, for seven years state funding for non-MTA transit capital projects was appropriated in the state budget, but not subsequently distributed to transit systems. This pattern was thankfully broken last year when $21 million was provided to non-MTA capital projects. But the cumulative effect of diversions, reduced federal funding and undistributed state capital funds has made it difficult for transit providers to maintain a state of good repair, and has resulted in a substantial backlog of capital needs for upstate systems. *We urge you to provide $37 million in state capital appropriations, which represents a doubling of the $18.5 million appropriation for non-MTA capital program—a level that has been flat for 10 years. Additionally, this funding should be distributed according to need.* In last year's budget, an additional $5 million in capital funds were distributed not according to ridership growth, or miles run, or capital needs but according to the average historical expenditure of transit systems over the last 12 years. Those systems that had spent the most over the last 12 years, got the most of this additional appropriation—an illogical and inefficient distribution method.

Transit Lockbox
We'd like to thank the Assembly for their unanimous support this year of the Transit Lockbox Bill (S.3837/ A.5084). A statewide coalition composed of a diverse group of over 200 organizations representing labor, business, transit, the environment, disabled, aging, faith-based, smart growth, good government, bicycling, housing, and transportation groups joined together in a rare moment to deliver one shared message about the Lockbox Bill: public transportation is crucial to the state's economy and the well-being of its citizens.

We were disappointed by the Governor's decision to veto this legislation, but we do believe there is an opportunity to amend the bill in a way that could be satisfactory to both the legislature and the executive office. *We ask for your continued support of this effort to bring transparency and accountability to the budgeting of funds dedicated to transit.*

Transit is the economic engine of our state, and we thank you for your continued support and interest in assuring reliable and adequate funding for all of New York's transit systems.