



Published in the

# WALL STREET JOURNAL

## Funding Battle Looms for New York's Subway, Buses, Bridges

Fare and Toll Increases by New York's Metropolitan Transportation Authority Could be Overshadowed by a Battle Over Overall Transit Funding Next Year

By Andrew Tangel

November 19, 2014

Looming fare and toll increases by the Metropolitan Transportation Authority will likely be overshadowed by a bigger battle over overall transit funding next year.

Plans to boost revenue from passengers and drivers by 4% starting next year have long been in the works. They track expected annual inflation and are about half as steep as originally planned.

But transit advocates and some MTA officials say steeper increases or service cuts are on the horizon if the authority can't secure new, more stable funding. The most immediate challenge: finding money to pay for \$32 billion of repair and construction projects over the next half decade.

"If they don't, there are much larger fare increases lurking around the corner, and that's the real scandal," John Raskin, executive director of the Riders Alliance, a transit advocacy group.

Jeffrey Kay, an MTA board member, also predicted more potential fare increases without increased funding from other sources. "There's going to be more—there's no doubt about it," he said.

In addition to fares and tolls, the MTA gets city, state and federal government funding plus various taxes and fees.

Riders of the New York City subway, the nation's largest mass transit network, last year shouldered 63.6% of the system's \$4.8 billion in operating costs, the third-highest so-called farebox recovery ratio for such U.S. systems, according to Federal Transit Administration data.

An MTA spokesman noted the authority measures the recovery ratio differently, and said the Federal Transit Administration figures don't fully take into account all of the system's costs.

This week, the MTA unveiled proposals for riders of its subway, buses and trains, and drivers crossing its bridges and tunnels, to pay more. Public hearings are scheduled next month before an expected MTA decision in January.

Base subway and bus fares would rise a quarter to \$2.75 in one scenario, for example, while the authority would increase a discount to riders who purchase more than one trip. Another option would keep the base fare flat at \$2.50 but eliminate any discount for riders buying multiple fares.

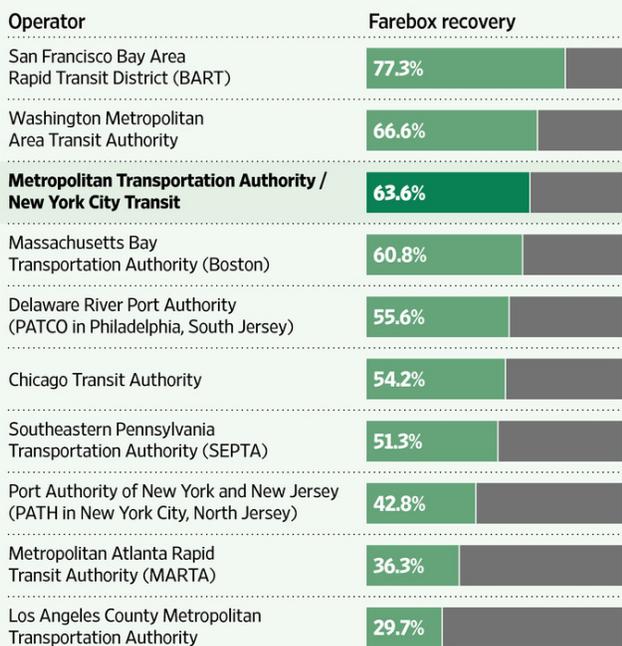


“We’re trying to hold the line in terms of what we’re asking customers to pay,” Thomas Prendergast , the MTA’s chairman and chief executive, said Wednesday.

The fare and toll increases are expected to yield about 4% more revenue for the MTA, or \$210 million next year, starting March 1. Another set of toll and fare increases to generate 4% more revenue is scheduled in 2017.

### Transit Tab

The portion of heavy rail systems’ operating costs covered by fare revenue in 2013



Source: Federal Transit Administration

The Wall Street Journal

But the authority, which has an approximately \$14 billion annual operating budget, doesn’t know how it will pay for about \$15 billion in major repairs and big-ticket expansion projects over the next five years.

Mr. Prendergast has been hitting the industry-group breakfast circuit to argue his case for funding the MTA’s next capital plan, though he has stopped short of specific proposals.

Robert Foran, the authority’s chief financial officer, said Wednesday that one of the authority’s key funding sources, the so-called payroll mobility tax, “is under constant threat.” That tax remains controversial in New York City suburbs.

While this month’s elections shifted the balance of power in Albany, handing Republicans control of the state senate next year, Mr. Prendergast suggested that might not pose an obstacle.

“Even though there may be a change in landscape in terms of who has a majority rule in either the Assembly or the Senate, over a 30-year period, we got to where we needed to get to in terms of funding,” Mr. Prendergast said.

A spokeswoman for New York Gov. Andrew Cuomo said MTA funding would be addressed as part of the budget process.

A spokesman for Dean Skelos, the state Senate’s Republican leader, said it was too early to discuss funding for the MTA.

A spokesman for Assembly Speaker Sheldon Silver , a Democrat, said: “We will be discussing this with our members next year.”



Published in the  
**WALL STREET  
JOURNAL**

The MTA has identified a \$15 billion funding gap in its capital plan. The bulk of its \$32 billion in projects from 2015 through 2019 involve upgrades to its aging subway system, its bus network and the Metro-North Railroad and Long Island Rail Road.

The plan would also fund an expansion of Metro-North service in the Bronx, and the service into Penn Station. Other big-ticket projects to get funding in the plan include the next phase of the Second Avenue Subway project, and an LIRR station under Grand Central Terminal known as East Side Access.

Charles Brecher, consulting research director at the Citizens Budget Commission, a watchdog group, said higher fares, new tolls and higher fees for drivers might be needed.

"We're going to have to count on our political leaders to be bold on this," Mr. Brecher said.