

CITIZENS BUDGET COMMISSION

2 Penn Plaza * 5th Floor * New York, NY 10121

Contact: Carol Kellermann
212-279-2605, ext. 322

Charles Brecher
212-279-2605, ext. 315

CBC RELEASES NEW REPORT: “A BETTER WAY TO PAY FOR THE MTA”

New York, NY – October 10, 2012 – The Citizens Budget Commission (CBC) today released a new report titled “A Better Way To Pay For The MTA”. The report underscores the vital role of the MTA, highlights its fiscal challenges, and proposes a new and better way to pay for its crucial services.

More than 70 percent of the 3.7 million people who enter New York City’s central business district on a typical weekday come by mass transit. Of those using mass transit, 83 percent or 2.1 million rely on the MTA’s commuter rail, subway or bus services.

Providing these services is expensive. The annual operating and financing expenditures of the MTA’s agencies are \$17.1 billion in 2012, and the MTA has been operating with significant deficits over the past decade, continuing a long-term trend. In 2016, the deficit is projected to be more than \$3.6 billion or approximately 18 percent of operating expenses. The deficit arises despite significant cost-cutting efforts begun in 2010, despite the assumption of a three-year wage freeze for most workers, and despite planned fare and toll increases in 2013 and 2015 that will raise almost \$1 billion in new revenue in 2016.

The MTA needs a better way to pay for its services. It should stop running large deficits and lower its future debt burden by funding regular replacement needs with operating revenues rather than borrowing. How should the needed money be raised? The Citizens Budget Commission offers these guidelines for allocating responsibility for generating MTA operating revenues.

- **Auto user fees should pay for the facilities available to drivers.**
- **Motorists’ tolls and fees should also generate a surplus large enough to cover approximately one-quarter of the cost of providing mass transit services.**
- **Mass transit users should pay fares sufficient to cover approximately one-half the operating cost of those services.**

- **State and local tax subsidies to mass transit should cover at least one-quarter of the operating cost of those services and fund “catch-up” capital investments needed to bring the system to a state of good repair.**

If each category of funder – driver, transit rider and general taxpayer – contributes to the cost of the region’s mass transit system in accordance with these principles, it will get the MTA off the wrong track and chart a better route for the region’s economic future. By 2016, the 25-50-25 policy would provide nearly \$2.6 billion in additional annual revenue without new taxes.

This 25-50-25 policy would mean that mass transit riders would pay higher – but still reasonable – fares. The cost of a single-ride subway ticket would increase to at least \$2.75 by 2016, but in constant dollars a subway ride would cost at most three cents more than it did in 1996. (An infographic is included, comparing the change from 1996 to 2012 in the cost of a subway ride to other essential consumer items.)

Motorists would face increased costs for the use of their vehicles, in the range of \$167 to \$293 more annually, but the charges would be consistent with those in other global metropolises and related to the benefits drivers derive from a well-functioning transportation system.

“Current financing policies will not provide the fiscal stability and capital investments that the MTA needs,” said Carol Kellermann, President of the Citizens Budget Commission. “A better way to fund this crucial service is essential.”

“The ‘25-50-25’ strategy recommended by the CBC is a better way to pay for the MTA,” said Charles Brecher, Consulting Research Director of the Citizens Budget Commission. “It’s time to consider this approach, as the MTA proposes a new round of fare increases that alone will not solve the problem.”

The complete report is available at www.cbcny.org.

For further information, contact Kevin Medina at 212-279-2605 x342 or kmedina@cbcny.org.

Founded in 1932, the Citizens Budget Commission is a nonpartisan, nonprofit, civic organization devoted to influencing constructive change in the finances and services of New York State and New York City governments.