Testimony of
Kevin Corbett, Co-Chair, Empire State Transportation Alliance (ESTA)
Before the
New York State Legislature 2010-2011 Joint Budget Hearing on Transportation
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My name is Kevin Corbett, I am co-chair of the Empire State Transportation Alliance (ESTA), a group of business, labor, civic, environmental and other transportation advocacy organizations working together for over a decade to insure sufficient funding to keep the State's transportation systems moving forward. Thank you for this opportunity to testify on the state budget proposal regarding the Metropolitan Transportation Authority.

I should start by saying ESTA members are deeply concerned for our region's transit system. While the state showed great leadership last year approving a series of financial support mechanisms for transit, the promises of this package to both stave off drastic service cuts and provide a start to the MTA's critical five year capital rebuilding program simply have not been kept. In the past two months we have witnessed a rapid deterioration of the MTA's finances on both the operating and capital sides of the equation.

Last week's announcement that the MTA faces an estimated additional $391 million deficit for 2010 due to reduced projections of payroll tax receipts is more bad news on top of extreme measures taken by the MTA in late December to close a $383 million deficit. This deficit was caused by a devastating, and disproportionate, cut to transit in last November's state Deficit Reduction Plan and resulted in drastic cuts to student Metrocards, Paratransit service and bus and subway lines.

We know the state understands the importance of maintaining good, quality service for the New York region's 8 million plus daily subway, bus and commuter rail riders. The challenges faced by transit this year have not been unique among public transit agencies around the country, indeed we should be proud New York has been able keep its system afloat amid trying economic times. However, now that the reality of these cuts has come to light and news of the MTA's operating budget is growing bleaker by the day, we urge you to keep the state's promise to fund transit. Further, the MTA currently does not have an approved capital program which maintains service and provides jobs and economic stimulus the state badly needs. We offer the following course of actions and recommendations:

This is a challenging environment to ask, but the state needs to make good on its commitments by restoring $143 million in cuts to the MTA funds in the Deficit Reduction Plan. ESTA members want to make clear that the MTA would not be faced with proposing service cuts if these funds were not taken. The state must restore its commitment but also work with the city to fully cover the cost of student transit passes, which cost the MTA $214 million per year. The MTA should not be shouldering this cost virtually alone. While the city's contribution has remained stable since a renegotiated agreement between the MTA, city and state split the burden equally among the three entities in 1995, the number of dollars the state contributes has fallen and the MTA has had to make a larger and larger percentage of the cost. The governor's restoration of $18.9 million for student transit passes is a good start but major gaps still exist. The bottom line is solving this problem will require additional assistance from the state and city.

While the operating budget for the MTA is foundering, the capital budget is in bleak condition as well. The MTA currently does not have an approved capital plan and is operating without a road map for maintenance and construction projects after the MTA Capital Program Review Board recently rejected a proposed $25.5 billion 2010 – 2014 plan. It is widely recognized that the revamped proposal, scheduled for submission sometime in the next few months, will be at least $10 billion shy of reality.

I mention this to point out that the capital and operating budgets of the MTA are deeply interconnected and both need to be funded. We need maintenance of service levels to increase our ability to build support for the capital plan and necessary projects. If service is cut, key transit-using audiences will be less likely to support necessary capital expenditures. On the other hand, maintaining ridership and current levels of operations is dependent on capital maintenance. Capital disinvestment in the past has led to fewer riders and has negatively impacted the region's workforce and tax base, leading to a reduction in operating funds available.

We are also calling on the MTA to hold off on its planned service reductions until all funding options have been exhausted. This includes the MTA finding its own internal savings and efficiencies, which Chairman Walder has committed to doing and has outlined in "Making Every Dollar Count." The chairman has already made inroads in this area by including a 10% salary reduction to all the non-union employees this coming year. He should expedite this process to the extent possible. While we hope the chairman is able to find significant savings through internal efficiencies and belt-tightening, certain actions such as continued salary reductions are simply not sustainable.

In recognition of the benefits of a strong capital program – both to the economy and to customers – we strongly support a robust plan, as well as the submission and approval of a full five-year plan, as many projects and procurements require a longer planning horizon. The MTA is currently reviewing and preparing to submit a revised 2010 – 2014 capital program with the same approach the agency is taking to its daily operations. We are working with the MTA to identify capital priorities and are confident they will be able to apply the same treatment to the capital budget as they are to the operating budget to find some savings.

Finally, any short term solutions now does not obviate the need for Albany, and City Hall, to come up with long term revenues such as congestion management and variable road pricing, other driver-related fees or revenues that are countercyclical to those that currently fund transit and that help solve the MTA's long term structural deficits. Transit must be hedged to insulate against the ups and downs of the business cycle and we cannot continue to rely solely on debt financing for future maintenance. This is even more important now that it appears the MTA will face an additional $391 million shortfall in 2010 due to inaccurate state estimates of revenues from the regional mobility tax.

We are encouraged by the governor's directive to restore some funding for school transit passes but we urge you to fully restore the $143 million state cuts to the MTA, actively support a robust capital program and work with city and other to broker a long term solution to what is quickly becoming a growing and immediate problem. Doing so will immediately and directly save riders money, relieve what is becoming perennial anxiety around threatened cuts to essential transit services and ensure long term reliability and options for the region's transit users.

Thank you again for the opportunity to testify here today.