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## RPA STATEMENT ON MTA GAP CLOSING ACTIONS

The Metropolitan Transportation Authority faces an estimated \$383 million reduction in its proposed 2010 budget due state budget reductions, unexpected shortfalls in dedicated tax revenues and a ruling on postponing labor agreements. This perfect storm places the MTA in the difficult position of having to choose among five painful alternatives, most of which would result in a reduced ability to meet the needs of the MTA's 8 million daily passengers.

1. Fare and Toll Increases: MTA's new Chairman, Jay Walder, has correctly ruled these out following last spring's significant increases.
2. Internal Savings: Chairman Walder has committed the MTA to finding internal savings in its headquarters and operating divisions and has already proposed a 10% reduction in headquartered staff salaries. While there may be other actions that can be taken, no amount of internal belt tightening will close the gap now facing the MTA.
3. Additional Federal, State or City Funding: The state and local governments in the MTA region all face growing deficits of their own. However, a shortfall of this magnitude will require some additional assistance. At a minimum, they should compensate the MTA for the subsidy being provided for student transit passes and establish a task force to examine the viability of the Paratransit system. The Congress is considering a new jobs bill in the New Year, which could include operating funds for transit agencies. But unfortunately the MTA can't bank on these funds until the Congress acts.
4. Service Cuts: These would include many of the service reductions that were avoided when the MTA's financial rescue package was approved in the spring.
5. Cuts to the MTA's Capital Investment Program.

Proposed service reductions would hurt transit riders and commuters in the short run and should be kept to a minimum. Cutting the capital program, however, would be even more damaging. This would undercut the system's reliability and safety and jeopardize the progress that has been made since 1980 in restoring the system to a state of good repair. And by deferring required maintenance, it would actually increase future costs to sustain the system, requiring even larger investments – and putting more pressure on the fare – in the future. Similarly, halting or deferring projects like East Side Access or the Second Avenue Subway would undercut future economic growth and require returning federal funds that have already been committed.

The MTA's riders and taxpayers are already paying a heavy price for past financing practices brought on by underinvestment in transit. As a result of the disastrous system of "borrow now, pay-during-the-next-person's-term-of-office" used to finance capital programs in the late 1990s and the first half of the current decade, almost one in five dollars of the MTA's operating budget is expected to be devoted to paying debt service. Further, capital program spending offers an unmatched return to the regional economy, which we cannot afford to undercut during this economic crisis. Maintaining critical capital investments that provide jobs in the short term but that also underpin longer term economic competitiveness will be the key to keeping the system affordable, reliable and accessible now and in the future.

We are eager to work with the Governor, the legislature, local officials across the MTA region and our federal representatives to find the right solutions to keeping our transit system healthy for current riders while at the same time investing to meet the future needs of a growing region.