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Senator-Elect Daniel Squadron Says State Legislature “Must Step Up” to Fix MTA Woes

**Calls on Assembly and Senate to make “tough choices” to
solve MTA budget problems, urges MTA reforms**

State Senator-Elect Daniel Squadron released the following statement in response to the MTA approval today of a “Doomsday” budget with dramatic fare increases and service cuts:

The proposed budget is a disaster for riders, for the city and ultimately for the MTA itself.

Moving forward, we need across-the-board changes to prevent future crises and improve service for all. The MTA must have more effective revenue projections. It must plan more effectively for ups and downs in the real estate market, trends in ridership and long-term increases in capital costs. Further, it must reform its board structure and administration.

But let me be clear: the legislature must step up and deal with this crisis. Simply pointing fingers at the MTA will not keep the trains and buses running or keep fares affordable for riders. Accountability does not solely lie with the MTA -- it sits squarely with all of us in government.

A real long-term solution has three essential elements: the legislature must make the tough decisions necessary to fund the MTA properly, the MTA must enact reforms to improve management and prevent fiscal crises from recurring in the future, and everyone who benefits from MTA services must be called on to contribute to the MTA's long-term health.

The Ravitch Commission report provides a valuable starting point for the conversation that must happen. But we must move beyond those recommendations to take concrete steps, and soon, to fix this problem.

I propose the following ways in which the legislature, the MTA and the riding public can each do our part to fix the MTA's finances, in the immediate term and for years into the

future:

WHAT THE LEGISLATURE MUST DO:

The New York State legislature must find new, sustainable sources of revenue for the MTA. We have relied too long on unrealistic, unsustainable expectations for the real estate transfer tax (and other dedicated taxes), and must supplement that revenue source with other predictable funding streams:

- **Reinstate the Commuter Tax.** MTA trains and buses are among the most vital municipal and regional services for people who work in New York City.
- **Enact the Mobility Tax while protecting small business.** Businesses depend heavily on MTA services to transport employees and alleviate automobile traffic so that goods and services can move efficiently around the region. That's why we should enact a Mobility Tax, though with an exemption for the first \$300,000 of payroll to protect small businesses.
- **Revive and Improve Congestion Pricing.** Congestion pricing in Manhattan's Central Business District would provide a source of revenue to the MTA, reduce traffic and improve air quality throughout the region. Additionally, the legislature must devise a full package of proposals that would ameliorate some of the worst features of the previous congestion pricing proposal (and the current, worse, East River tolls proposal)—for example we must include targeted exemptions, modified borders, and residential permit parking. We must also guarantee that congestion pricing revenues improve transit service in a significant, predictable and transparent way.
- **Targeted fees for vehicles.** Increasing fees for certain automobile registrations could help fund MTA services. Furthermore, targeting fees based on MPG ratings or other measurements of fuel efficiency would improve air quality and help shift our economy away from its dependence on oil.

None of these choices are easy to make and there are other options that must be considered. But inertia must not stand in our way as we address the urgent task of shoring up MTA finances and keeping New York moving.

Of course, legislative acts alone cannot fix the problems. It's time the MTA took a long, hard look in the mirror. It must move quickly to enact necessary internal reforms, as well.

REFORMS THE MTA MUST ENACT

The MTA is continually caught off-guard in difficult financial times because its predictions for revenue and cost projections are often short-sighted and incomplete. It should improve its process for financial projections, and must undertake structural reforms that would encourage accountability and responsible decision-making.

- **The MTA must save for lean times.** The MTA showed a surplus during the recent real estate boom because the authority depends heavily on real estate transfer taxes

as a revenue source. But the real estate boom was destined to stall, and the MTA did not properly plan or predict for an inevitable change in revenues and value.

- **The MTA must project costs more accurately.** Especially on capital projects, the MTA has a history of underestimating costs, then running into financial difficulty when construction and labor costs rise over time. The MTA must provide a more honest, comprehensive accounting of proposed costs at the outset, rather than waiting for annual modifications to account for predictable increases.
- **The MTA should rationalize the role of the Executive Director and Board Chair.** The Ravitch Commission report explained well how muddled roles in MTA leadership can lead to a lack of accountability and independence at the Authority, and the MTA should adopt its proposal for reform in that area.
- **The MTA should require expertise among board members.** The Ravitch Commission report correctly identifies issue expertise among board members as a valuable asset for the MTA.

In order to undertake the hard work necessary to fix the MTA financial crisis, the legislature and the MTA must not continue to hold each other hostage -- a provocative "doomsday" budget on one side and finger-pointing on the other.

The Senate and Assembly should come together in January to hold open hearings on the Ravitch Commission report, and to gather input from other stakeholders including businesses, drivers and transit riders. Then both legislative houses and the MTA board must hold open votes on the various proposals from the Ravitch report and the hearings process. Some ideas will be enacted and others will not. Hopefully, at the end of the day we will have a stronger and more stable transportation system.

But above all, members of the public should hold all elected officials -- as well as the MTA -- accountable for stepping up to address the problem.

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