

US public transit systems cutting service and raising fares

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The deepest economic crisis since the Great Depression is having a devastating impact on mass public transit systems throughout the US. State tax revenues have suffered their worst decline in more than half a century, and more is still to come. Since state and local governments are legally required to balance their budgets, legislatures and governors are taking a sledgehammer to spending on everything from libraries to state parks to health, education and transit. Far from making up for these shortfalls, the austerity policies backed by the Obama administration and both parties are making matters worse.

Among the most dramatic examples of these cuts in terms of their broad impact are the slashes in service and increased fares for subway and bus transportation in cities around the country. Tens of millions of people are facing the immediate impact of these cuts, even as hundreds of thousands of transit workers face unprecedented attacks on their jobs, wages and benefits.

According to a report issued by the American Public Transportation Association (APTA), a lobbying and advocacy group consisting largely of transit agencies themselves, 84 percent of major transit systems have either cut service and raised fares in the last 18 months, or are considering such measures. Out of a total of 151 agencies surveyed, 59 percent have already cut service or raised fares, 69 percent have projected budget shortfalls, and 47 percent have either laid off employees or plan to do so.

The report covers systems that carry more than 80 percent of the nation's passengers, including 19 of the top 25 systems in terms of ridership. Ninety percent of these agencies have faced flat or declining local and state aid.

New York City's Metropolitan Transportation Authority, the largest of these systems, faces an operating budget deficit of \$800 million for the current fiscal year. The MTA, which operates the buses and subways in New York as well as commuter rail systems that serve the New York suburbs, is facing huge cuts in state aid and a sharp decline in tax revenue earmarked for transit. In addition, the prolonged

economic downturn has led to a drop in the number of fare-paying passengers in New York City of about 2.7 percent in the last year.

New York's transit fare was increased in 2009, and the MTA is expected to demand another fare hike of at least 7.5 percent next year. The base fare has increased by 44 percent since 2002, translating into major hardship for workers, whose wages have not kept up, not to mention the 10 percent of the work force that is currently unemployed.

Earlier this year, the MTA adopted cutbacks that are scheduled to go into effect on June 27. These include the elimination of two train lines as well as 34 bus routes. Layoff notices have recently gone out to 266 New York subway station agents, and the MTA is planning to lay off another 900 unionized workers, while cutting 600 administrative jobs.

The agency has postponed until June 23 a decision on whether to follow through on its provocative threat, made earlier this year, to eliminate free subway and bus passes for more than 500,000 elementary and high school students. The Long Island Rail Road, run by the MTA, reduced service on several of its lines as of May 17.

On top of its operating deficit, the MTA faces a massive and growing long-term debt incurred to finance the repair and reconstruction of the city's mass transit system. The New York State Comptroller reports that this debt, now about \$30 billion, has increased 54 percent in the past five years. Debt service by 2013 is projected at \$2.2 billion, compared to \$1.4 billion last year. The escalating debt is strangling the transit system, forcing a choice under the present system between allowing the decay of the transit infrastructure or even greater fare increases and service cuts.

New York's is by no means the only system facing fiscal disaster. In the third largest US city, the Chicago Transit Authority, facing a \$95.6 million deficit, laid off almost 1,100 workers, about 10 percent of the workforce in February. At the same time, bus service was cut back 20 percent and rail service 10 percent. Chicago Mayor Richard Daley demanded the transit workers give up a scheduled 3.5

percent pay increase and accept furlough days as well.

In Boston, which has the oldest system in the country, the Massachusetts Bay Transportation Authority increased its fare for a single train ride about three years ago, from \$1.25 to \$2.00, and from \$.90 to \$1.25 on the buses. In Washington, DC, the Metro plans an increase of 15 percent for rail fares and 20 percent on buses as of July 1. It is also considering the layoff of 300 unionized workers.

The Atlanta, Georgia, transit system raised its daily fares from \$1.75 to \$2.00 and its monthly pass from \$52 to \$60, along with cuts in service and in health care benefits for its employees. Up to 1,500 out of 5,200 workers may be laid off to close a \$120 million gap in its \$400 million operating budget.

The Greater Cleveland Regional Transit Authority recently cut 14 of its 90 routes and laid off 130 of its 2,400 employees. The San Francisco Municipal Transportation Agency has proposed a two-year budget that includes 10 percent cuts in its Muni transit system, and a reduction of 584 jobs, including more than 280 layoffs.

Another factor that is deepening the crisis of the New York transit system as well as others is their involvement in interest-rate swaps, a derivative that these public agencies have used to gamble taxpayer and passenger revenues on Wall Street. The MTA in New York would have benefited financially if interest rates had increased, but of course the opposite has taken place in the last several years. The MTA has outstanding swaps of about \$4.3 billion. The counterparties for these swaps include giant financial institutions like Citigroup, AIG, Morgan Stanley, J.P. Morgan and UBS.

Therefore, in addition to the deficits caused by declining state aid and fewer passengers, the MTA and other agencies have to find millions of dollars for Goldman Sachs and other giant financial institutions that have already received massive federal bailouts.

The Southeastern Pennsylvania Transportation Authority (SEPTA), which runs the transit network in the Philadelphia area, is involved in these derivatives to the tune of \$340 million, and now owes millions to Merrill Lynch and Citibank. SEPTA has announced a 6 percent fare increase to help close a \$110 million deficit in its operating budget.

New Jersey Transit is reportedly paying \$1 million per month to Goldman Sachs as a result of a previous interest rate swap deal. NJ Transit's board of directors recently voted to increase fares by 10 to 25 percent. The increases went into effect on May 1, and ridership declined almost immediately by 2.6 percent.

The Los Angeles Metro has also become indebted to Goldman Sachs and other counterparties. Facing an operating budget deficit of \$204 million, the LA system is

increasing fares once again on July 1, with the one-way fare going from \$1.25 to \$1.50, and a day pass from \$5 to \$6.

Everywhere the unions representing transit workers have either agreed to concessions without complaint, or made their own proposals for cuts. In New York, for instance, according to the local civil service paper *The Chief*, newly-elected Transport Workers Union Local 100 president John Samuelsen offered one-year's worth of concessions equivalent to the amount the MTA would save with its projected layoffs of hundreds of transit workers. The layoffs are proceeding, however, because the transit officials insist on permanent concessions.

Samuelsen was elected late last year as an "opposition" candidate, running against a candidate backed by outgoing President Roger Toussaint, who was himself elected as a "militant" some 10 years ago. In fact, none of these officials differ on the essential issues. They all accept the dictates of the profit system and are tied to the big business politicians of the Democratic Party. When confronted by representatives of the ruling establishment who claim there is no money for transit, and that workers and the riding public must pay, their only response is to scramble to find some slightly less onerous way to impose these attacks.

The dismantling of whole sections of existing mass transit in the US together with layoffs and fare hikes is emblematic of a system that is totally incompatible with the fundamental needs of modern society, including efficient, safe and affordable public transportation.

The fight against these cutbacks cannot be waged under union leaders and organizations that subordinate the interests of working people to the demands of this system and to their alliances with the Democratic Party. It requires a political struggle, beginning with a break from the Democrats, and a fight to unite every section of the working class behind a socialist program that begins from the social needs of the population and not the profit interests of the super-rich.



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