Comptroller’s report details crisis of New York’s decaying transit system

Alan Whyte
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A recently released New York State’s Comptroller’s report on the performance and funding of the Metropolitan Transit Authority (MTA) in the New York City area is an indictment of the state of mass transit in the United State’s largest metropolitan area.

Although the statistics in the report on the crisis in the MTA are not new, they do highlight a fiscal and infrastructure disaster in the making.

The MTA is a state agency that controls the subway and bus system in New York City as well as two commuter railroads, which provide service in the city and throughout different parts of the state and neighboring Connecticut, as well as nine vehicular bridges and tunnels. The transit agency transports more than 8 million people every day.

The report notes that in New York City, because of delayed subway car purchases and overdue maintenance, the mean distance between failures declined 35 percent from 2011 to 2016, although it has been improving somewhat in the past year and half. Nevertheless, today, almost 30 percent of the rolling stock is more than 30 years old. The number of subway delays have increased from a per year average of 23,000 in 2012 to 60,000 in 2017.

Because of the blatant unreliability of the system, subway ridership after falling slightly in 2016, declined by 1.7 percent in 2017, and by another 2.8 percent by July.

This trend has continued since the report was issued. The transit authority reports that weekend ridership fell 8.8 percent, and weekday ridership fell 2.5 percent in August compared to August 2017.

According to the report however, because of excruciatingly slow busses and irrationally organized bus routes, ridership in the city’s buses is even worse, having declined by 16.5 percent from 2008 to 2017.

The Long Island Railroad (LIRR) on-time performance, which was 95.2 percent for all trains in 2009 dropped to 91.4 percent in 2017, its worst in 18 years. This year so far, the performance is even lower, averaging 89.9 percent through August. The other MTA commuter railroad Metro- North’s on-time performance also declined, from 97.8 percent of trains in 2009 to 93.4 percent in 2017. Performance has fallen further to 90.9 percent this year so far.

To address these problems, the New York City Transit Authority proposed in May a plan called Fast Forward which plans to do in 10 years what had been previously proposed for the next 40 years, now at an estimated cost of $40 billion. This would include improving and modernizing the antiquated signal system, purchasing new subway cars, repair stations, and new buses, and installing a new payment system. Also, the plan would improve both the Long Island Rail Road and Metro-North.

Under conditions of enormous fiscal stress, the big question is where the money will come from to pay for this urgently necessary work. The report projects that the authority will have debt outstanding of almost $42 billion by 2022, an increase of 20 percent in five years. Debt service will reach $3.3 billion by 2022, an increase of 26 percent in four years—that is, debt service will consume 18.6 percent of total revenue and 36.5 percent of fare and toll revenue.

This is truly an impossible financial situation for the MTA, and it is reflected in the Standard & Poor’s recent downgrade of the authority’s credit rating, which will only deepen its fiscal crunch by forcing yet more borrowing.

It gets worse, when, as the report details, other needs requiring huge sums of money are considered.

The agency has a current 2015-2019 $33.3 billion capital improvement budget whose funding is shaky. The MTA is contributing $14.7 billion itself, the largest in its history, out of which $10.4 billion will be borrowed. New York State has agreed to contribute $8.6 billion and the city has agreed to contribute $2.7 billion, but neither the state nor the city have explained where most of this money will come from.

Instead, both Democratic Mayor Bill de Blasio and Democratic Governor Andrew Cuomo have been spending years blaming each other for the underfunding of mass transit.

MTA executives have assumed that the federal government will contribute $7.3 billion for capital improvement, but in fact President Donald Trump, despite his earlier promises to support infrastructure rehabilitation, has instead proposed cutting such funding. He has, for example, proposed eliminating $2 billion in federal funding for the New Starts program which is necessary for phase two of the construction of the Second Avenue Subway.

This raises a huge issue as to how the MTA's 2020-2024 capital program will be funded.

Another serious factor is severe weather brought about by climate change. Almost six years ago, the city was walloped by Hurricane Sandy, which, besides doing extensive damage to housing, wreaked havoc on the region's transit system, costing the MTA $7.6 billion, which at that time was paid mostly from federal funds.

In any calculation of the fiscal heath of the transit system, the question arises: how much damage will the next big storm will create?

One of the major issues confronting the MTA is the installing of Positive Train Control (PTC) on both of its commuter railroads costing more than $1 billion. PTC is a modern communication technology designed to automatically prevent railroad trains from derailing or crashing due to speeding or going over switches set up in a wrong direction, which has cost the lives of many riding the commuter trains as well as causing infrastructure damage.

As a result of previous underfunding in a city that almost went bankrupt in the mid-1970s, the mass transit system was on the verge of collapse in 1981. It was in that year, as the Comptroller's report observes, that the mean distance between train failures was a pathetic 6,600 miles.

At that time, without a mass transit system, the city, which is the financial center of world imperialism, would not have be able to function. It was this realization that led to a dramatic reversal of the underfunding that created such advanced infrastructure decay.

As a result, the first capital improvement program was established in 1982. However, the crisis has not only deepened with an aging system that has major track, signal, station, and other issues that must be resolved, but also a rising amount of red ink resulting from insufficient funding by city, state and federal governments for decades.

To make the passengers pay for this fiscal crisis, the MTA has increased the fare by 53 percent between 2007 and 2017 and plans on a 4 percent increase in 2019 and yet another one 2021.

There is no doubt that this is one of the key factors in the loss of ridership, which, in turn, as the report states, has only aggravated the agency's financial crisis. The decline in ridership could cause a cumulative $822 million loss of revenue from 2016 to 2019, and $250 million per year afterwards.

One of the explanations offered for the declining ridership is the ability of some to seek other means of transportation. Some of the better-off residents of the city, for example, can pay for various forms of car service. On the other end of the income divide, the poorest residents are, no doubt, forced to engage in fare evasion as the cost of a ride has skyrocketed way beyond their ability to pay.

With an operating budget of nearly $16.7 billion in 2019, nearly two-thirds of the MTA'S costs are due to paying its workers, debt service is 16 percent, and non-labor cost such as energy is 22 percent.

It is for this reason the MTA has targeted transit workers as well as riders to pay for this crisis. In this, the agency has had the cooperation of the Transport Workers Union (TWU) Local 100 representing the city's almost 40,000 bus and subway works, which has agreed to concession deals by its members for decades, no matter which faction of the union happened to be in control.

The report takes note of the fact that the MTA assumes that wages will increase 2 percent annually in the next round of collective bargaining. This is what the agency assumed in the last round of negotiations and with the collaboration of the TWU was able to ram through a deal amounting to a 2.14 percent annual increase, with all the previous concessions such as in health care firmly in place. The rate of inflation is now around 3 percent, meaning the continuation of a significant cut in real wages, which is exactly what transit workers have been experiencing for years. It is not an accident that the union has not commented on the report.