New York transit chief resigns as transit authority proposes more fare and toll hikes

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New York's Metropolitan Transportation Authority (MTA) has proposed a four percent fare and toll hike for the city's bus and subway systems, two commuter railroads, as well as the bridges and tunnels under its control.

The MTA has been increasing the tolls and fares about four percent every two years since 2007, adding up to a 53 percent hike overall. Another increase is anticipated for 2021.

The proposed increases are not official until the agency holds public hearings which will take place later this month and in December, and the MTA board votes for it in January. They will then go into effect in March 2019. The authority is also considering a variety of cuts in bus and train service.

In recent years there has been a marked decline in the number of residents who attend such hearings, having concluded that their protests against these increases will not have the slightest impact on the plans of the agency chiefs.

State Comptroller Thomas DiNapoli recently released a report detailing how the agency is confronted with operating budget gaps that increase from $262 million in 2020, to $424 million in 2021 and $634 million in in 2022, even after projected proposed fare and toll hikes with operating budget gaps.

Even worse, the report projects that the authority will have a long-term debt of almost $42 billion by 2022, an increase of 20 percent in five years. This means that debt service will reach $3.3 billion by 2022, an increase of 26 percent, which will consume 18.6 percent of total revenue, or 36.5 percent of the fare and toll increase.

MTA ridership has dropped sharply in favor of car services such as Uber, which has only deepened the agency's budgetary difficulties (see: "Comptroller's report details crisis of New York's decaying transit system").

According to the MTA's chief financial officer, Robert Foran, the agency will be experiencing even higher deficits than those projected by the comptroller, amounting to $510 million in 2020, $816 million in 2021, and $991 million in 2022. He also said that the agency's long-term debt will reach more than $42 billion by 2022.

This last statement is itself perhaps an understatement since, according to a recently published article in the *Bond Buyer*, the MTA's debt is already about $41 billion.

Just a few days after the midterm elections in November, the MTA chairman, Joseph Lhota, after being on the job for 18 months, clearly deciding it was time to jump off a sinking ship, suddenly resigned. His departure was likely also motivated by discussion in the media about Lhota's other positions as senior vice-president, vice dean and chief of staff for New York University's Langone Health, and his more recent role on the board of directors of the Madison Square Garden Company, all of which posed conflicts of interest with his role as the head of the MTA.

Before departing, Lhota said that he agreed with the comptroller's report, which "concisely portrays our dual challenges with both our operating budget as well as with our future capital plans." He called the MTA's finances "abysmal," and therefore planned on reducing operating costs. He also recognized that the exodus of riders has served to make the deficits worse.

The former chairman had been proposing measures that would make the transit workers pay for the crisis. These include

· Continuing the hiring freeze for what the agency calls nonessential employees

· Using fewer train car cleaners

· A reduction of night staff in some stations

· Closing eight full-time and four part-time subway booths

· Extending bus maintenance schedules

· Reducing manual track inspection while increasing video inspection

· Postponing plans to expand Select Bus service routes

· Reducing overnight bus service in the borough of Staten Island

· Eliminating elevator operators at the 191st Street subway station.

However, the agency had to reverse a pilot program that eliminated subway cleaning crews during the overnight hours. The loss of these workers had led to worsening conditions on the stations with accumulated trash on the platforms which overflowed onto the tracks creating the conditions for fires.

Also, due to rider opposition, the transit authority rescinded two planned cuts which would have closed some subway station booths, eliminating 75 station agents and eliminating the elevator operators at five deep below-ground stations. This represented $7.1 million out of the planned cut of $123 million.

The MTA has two types of budgets, daily operating expenses and the capital improvement plans. According the New York City Transit Authority president Andy Byford, the operating budget is financed 46 percent by the fares, and the remaining 54 percent is covered by taxes, advertising and rental income. This can involve money from the state, city, and under what has been classified as "in very defined circumstances" the federal government.

In addition to the decrease in fare revenue as a result of the decline of ridership, there has also been a reduction in tax revenue from sources such as real estate.

Although not confirmed by the MTA, it has been suggested that the agency has an immediate capital need for as much as $60 billion to be utilized over the next five years. This involves about $19 billion for the Fast Forward program, which includes modernizing its subway signal system, and buses, $20 billion for essential repairs and maintenance for the New York City system, and $21 billion necessary work on its two commuter lines, Metro-North and the Long Island Rail Road.

A panel last year made a proposal, similar to the one advocated by Governor Andrew M. Cuomo, for a regressive tax which would force drivers to pay for entering the borough of Manhattan below 60th Street, raising $1.5 billion each year. However, as Lhota had said, the plan alone "will not be enough" to solve the agency's growing debt.

As a result, the state panel has proposed in addition several measures such as raising the payroll tax, ending the sales exemption tax on clothing purchases under $110, and increasing the real estate transfer tax on property worth over $5 million.

Mitchell Moss, head of the Rudin Center for Transportation at New York University, has proposed raising the gas tax. Even a tax on legal marijuana is being considered.

Since the comptroller's report was issued, in yet another sign of the crisis of mass transit, the MTA has found that there are, so far, 191 malfunctioning signal timers that incorrectly enforce speed limits, and thereby slow down trains unnecessarily. This problem, which has existed for many years, is now being documented under conditions in which almost 30 percent of trains are not completing their trips on time.

Overall, the crisis in mass transit is an expression of the ever-growing social and economic inequality in New York City where the working population, both the transit employees and MTA passengers, are suffering a continuous degradation of living conditions while the multi-billionaires are already in possession of obscene fortunes.

This was exemplified by the recent show of unity by New York State Governor Andrew Cuomo, and New York City Mayor Bill de Blasio, both Democrats, who put aside their constant feuding and worked together to give Amazon—owned by the richest man on the planet, Jeff Bezos—almost $2 billion in incentive money to set up a headquarters in the New York City borough of Queens.