



Analysis of MTA Capital Spending

Can the MTA Deliver its 2020-2024 Capital Plan?

September 2019

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The MTA's [full 2020-2024 capital plan](#) was released September 19, 2019, less than a week before the MTA Board will vote on it. Many of the \$55B plan projects have been said to be priorities, but the plan itself does not include start or completion dates for individual projects, or have tiers or rankings. The plan is 70% larger than the 2015-2019, but much smaller previous plans have slipped so much that in 2020, MTA may for the first time be working on four capital plans simultaneously.

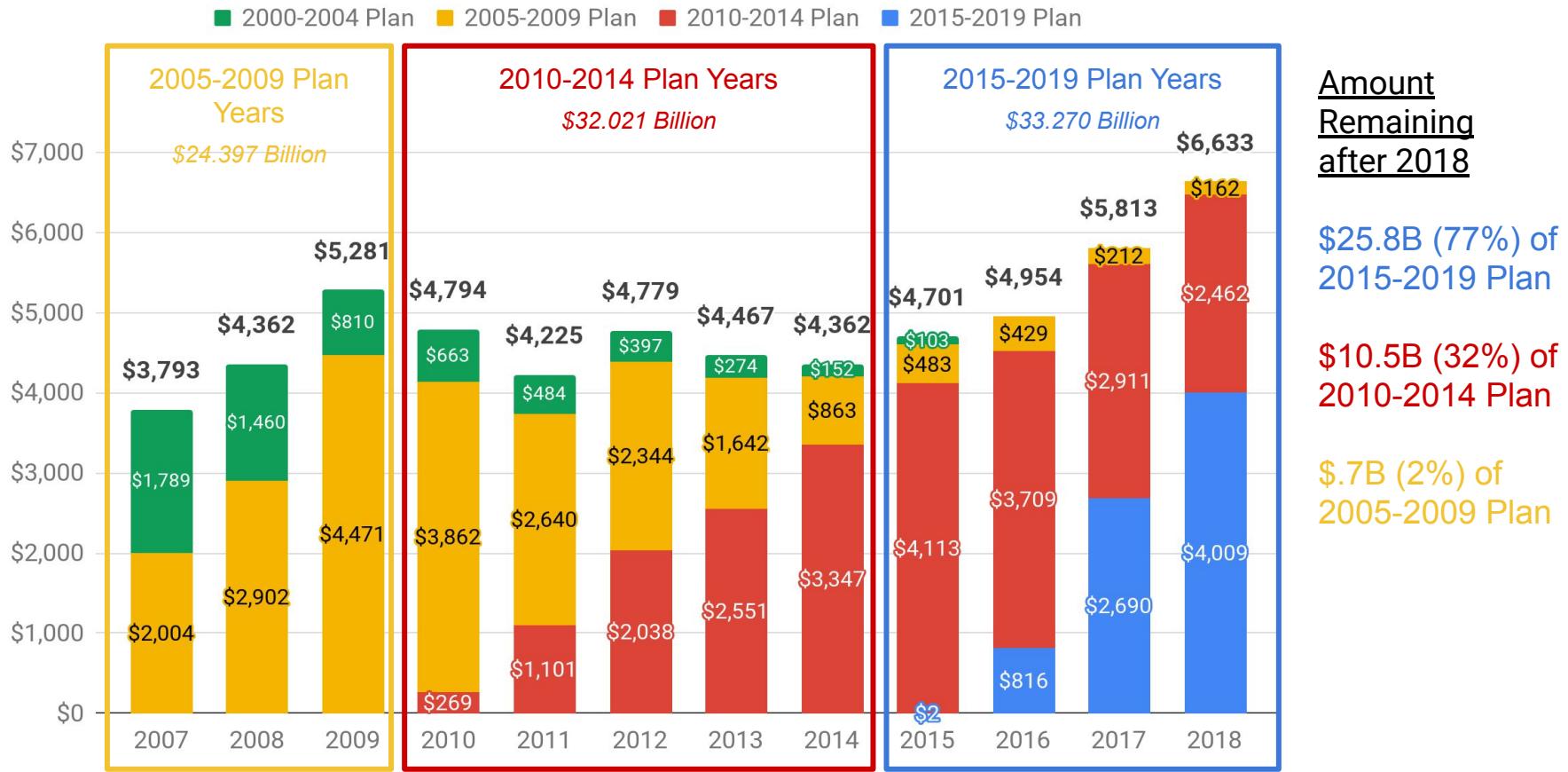
We have five major concerns.

- **Even optimistically, it will likely take the MTA more than 10 years to spend \$55B in new funds.** MTA's highest ever capital spending was \$6.6B in 2018. The most ever spent on a single plan in one year was \$4.5B.
- **The announced funding is not guaranteed.** A Democratic President gave the MTA \$7B for the 2015-2019 plan, and this new plan expects \$10.7B from the feds. It assumes NYC will pay \$3B.
- **New proposed borrowing may negatively affect the operating budget.** The plan relies on \$10B of new borrowing. The MTA already spends 17% of its operating budget on debt service.
- **The plan lacks the same basic transparency as the 2015-2019 plan,** providing less detail for more spending.
- **Amendments to the 2015-2019 and 2010-2014 lack a clear, itemized list of changes,** with new, deferred and rolled over projects that are buried in pages of narrative text.

To increase public transparency and accountability, we urge the MTA to publish:

1. **An honest spending plan** showing realistically how much MTA can actually spend per year.
2. **A clear implementation plan** showing which projects come first and when all projects will be started and completed.
3. **Informative project listings**, including commitment, expenditure, start and completion schedules for all projects.
4. **A detailed debt analysis** of how debt service payments will affect the MTA's operating budget.
5. **An itemized listing of all projects changes from amendments** to the 2010-2014 and 2015-2019 plans.

Reinvent Albany Analysis of Capital Plan Expenditures by Year, in Millions



Source: MTA Consolidated Financial Statements,
<https://new.mta.info/transparency/financial-information/financial-and-budget-statements>

History of MTA Capital Expenditures Shows Clear Limits on MTA's Ability to Spend Capital Funds

There are a few reasons that the Governor's five-year timetable for a \$55B plan is not realistic. While the Governor says he wants the MTA's capital plan to be 70% larger, the MTA is unlikely to have the capacity to spend that much in five years.

Historically, transit advocacy has centered on finding funds, but last year Reinvent Albany looked at actual expenses -- not "commitments" as the MTA does. The MTA considers commitments the time when funds are *planned* to be used in the future when a contract is signed, or they intend to use employees to complete a project. This is not the same as *actual spending* on employees or paying a contractor. Commitments are the first step in a lengthy process, expenditures the last.

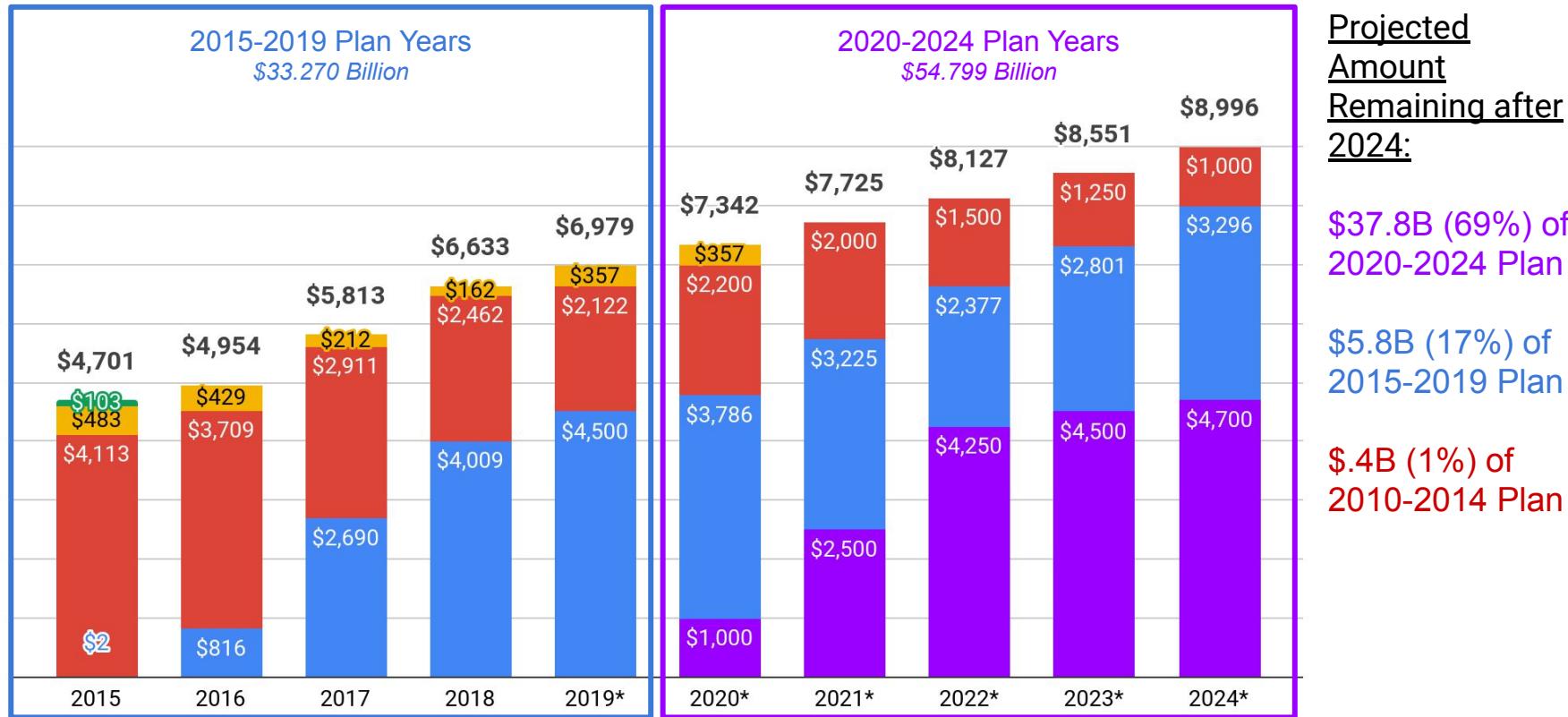
The real constraint on MTA capital plans has become the ability to spend, not find funding. As shown on the chart on page 3, the MTA has gotten further and further behind spending capital funding. There is a growing hangover of old projects that must be completed every year. (There is still \$35B left to be spent on MTA projects dating back to the 2005 as of the end of 2018.) Key findings:

- **Because of backlogs, the MTA's ability to quickly spend new capital dollars has decreased, not increased.**
- **The MTA spent a record \$6.6B on capital projects in 2018 -- but only \$4B was for 2015-2019 projects.**
- **The most the MTA spent on a single plan in one year was \$4.5B.** This was spent in 2009 for the 2005-2009 plan, when it only had two active plans.

Reinvent Albany Optimistic Projection of MTA Expenditures by Year, in Millions



■ 2000-2004 Plan ■ 2005-2009 Plan ■ 2010-2014 Plan ■ 2015-2019 Plan ■ 2020-2024 Plan



* Indicates Reinvent Albany projected spending for 2019-2024 assuming 5.21% annual capacity growth. For illustration purposes only.

Source: 2015-2018 Data from MTA Consolidated Financial Statements, <https://new.mta.info/transparency/financial-information/financial-and-budget-statements>

Optimistic Projection: MTA Can Spend Less Than a Third of 2020-2024 Plan Funds During Plan Years

MTA Will Likely Be Working on Four Capital Plans in 2020

Absent an unprecedented increase in project delivery capacity, the MTA will not spend even half of the \$55B proposed for the 2020-2024 plan during the five year plan period. The chart on the previous page is an optimistic view of the MTA's future, in which they can increase spending every year at a rate of 5.21%, an increase approximate to the growth from 2007 to 2018. Our projection shows the MTA is likely to spend about \$17B on the 2020-2024 capital plan in five years, with 69% of the plan unfinished. The 2015-2019 plan will also not be finished, with about a 17% left, or \$5.8B remaining by the end of 2024.

The full impact of the MTA reorganization on the 2020-2024 plan is also not known. Consolidated MTA capital staff will have to do even more while they are still figuring out new management structures. Even if they are highly efficient, it is unlikely that the MTA will ramp up spending at a significant rate, particularly as it will likely be struggling to complete *four* plans in 2020.

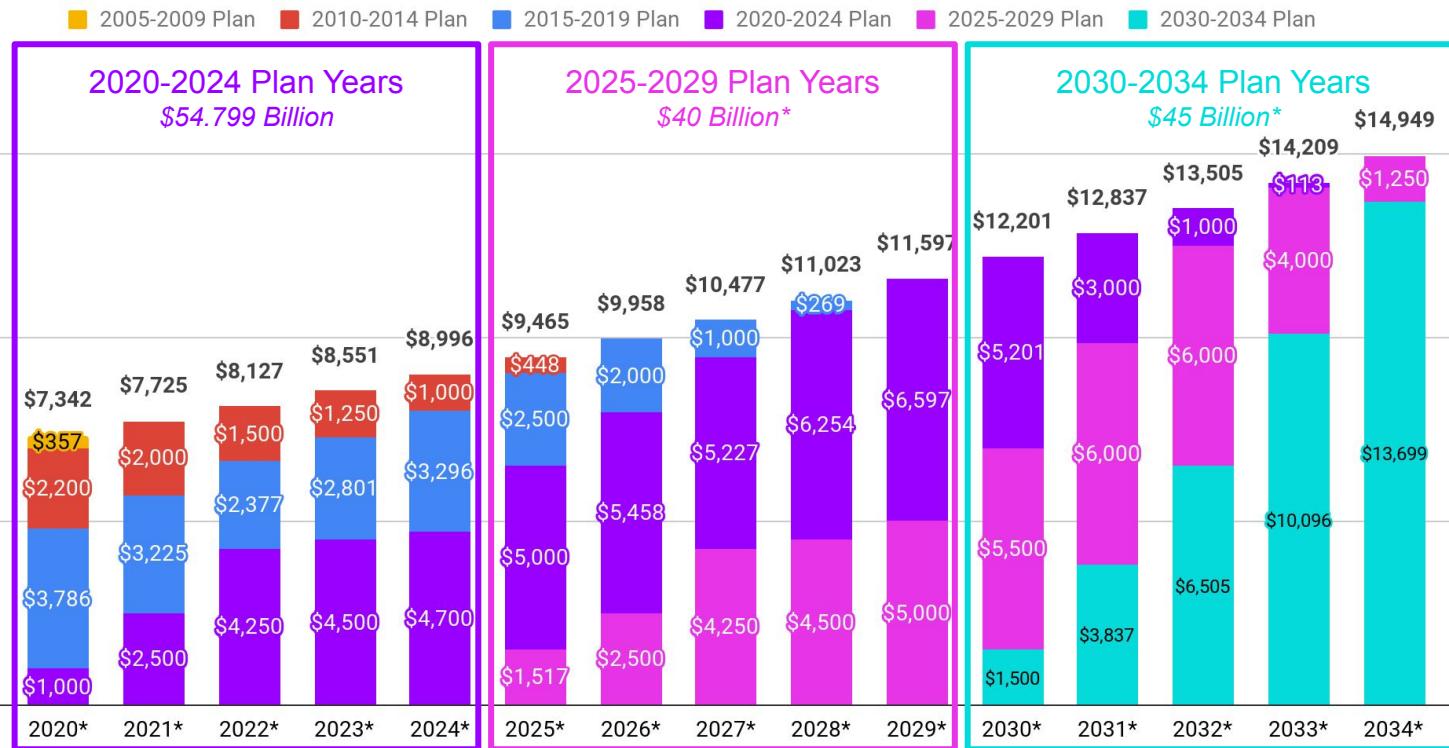
Our Analysis: “2020 Plan” Projects at the Back of the Line Will Take More Than 10 Years to Finish

The MTA will inevitably have to choose which projects come first and last, so it is best that they do so transparently. The plan proposes \$5.3B on signal modernization for 6 lines at New York City Transit. Janno Lieber, the MTA's head of capital construction, [has said these signals will come in the five-year window](#). What about subway cars, station accessibility and large expansion projects such as East Side Access and Third Track? The MTA has not released an implementation plan or even provided the same basic level of detail as they did for 2015-2019 plan projects. Further, many projects are vague, saying they are for “various locations.” This makes it hard to know what the projects even are, let alone when they will be done.

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Reinvent Albany Future Projection of Possible MTA Expenditures by Year, in Millions



* Indicates Reinvent Albany projections of possible spending, assuming 5.21% annual capacity growth. For illustration purposes only.

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About \$9B of 2020-2024 Plan to Be Spent in 2030s -- Even if MTA Spending Capacity Grows

Assuming future plans in the \$40-\$45B range and steady spending capacity increases, the 2020-2024 plan is likely to continue into the 2030s.

This scenario shows \$9B left in spending (18%) on the 2020-2024 Plan after 10 years.

Recommendations

The MTA full 2020-2024 plan avoids spelling out what the real priorities for the entire MTA are. Thanks to the Governor's reorganization, there is one MTA Capital Construction managing capital projects across the MTA's agencies. More than ever, this means that focusing on one project takes management and planning resources from another. Our analysis of MTA capital spending clearly shows that MTA cannot come close to starting and completing the huge list of 2020-2024 project list in a politically meaningful time-frame that ensures some public accountability.

The MTA needs to provide all stakeholders, including the public, State Legislature and members of the Capital Program Review Board the following to increase transparency and accountability:

1. **An honest spending plan** showing realistically how much MTA can actually spend on capital projects over the next decade, and breaking down how much it can spend on *each* of the three or four capital plans underway in 2020.
2. **A clear implementation plan** showing what projects come first and when all projects will be started and completed over the next decade, including commitment and expenditure schedules.
3. **Informative project listings**, including commitment, expenditure, start and completion schedules for all projects, going beyond 2024. This should include specific locations for bundled projects that currently say “various locations.”
4. **A detailed debt analysis** of how debt service payments will affect the MTA’s operating budget.
5. **An itemized listing of all projects changes from amendments** to the 2010-2014 and 2015-2019 plans.