

Double Jeopardy

Plagued by historically low funding and spending, MTA's \$55B Capital Plan imperiled by delay to congestion pricing

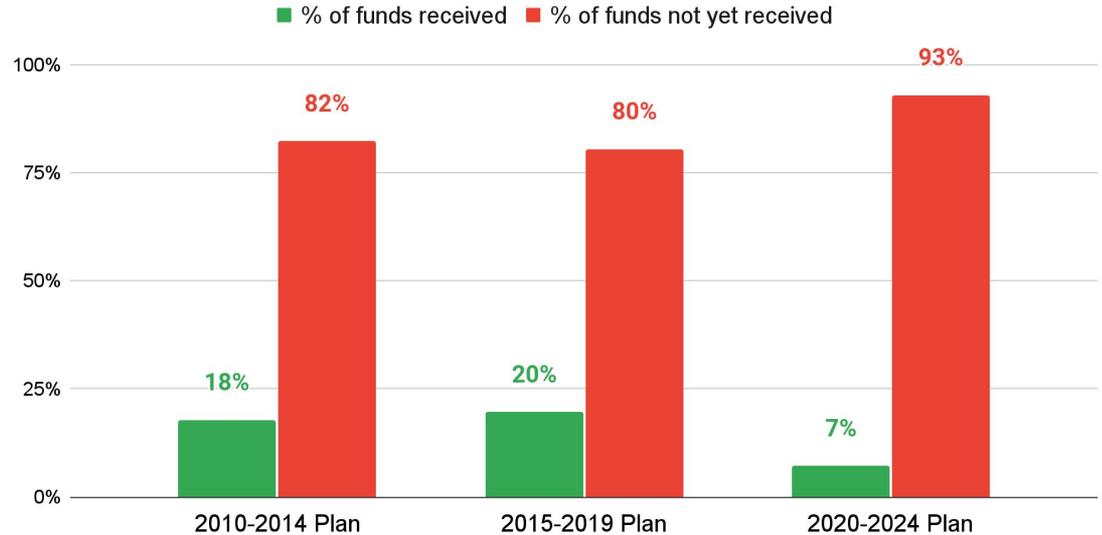


Introduction

As of May 2022, the MTA has on hand only 7% of the funds needed for the 2020-2024 capital plan, or \$4 billion of the \$55 billion budgeted.

This lack of funding, in part due to congestion pricing delays and COVID-19's impact on the MTA finances, has put meaningful spending on and completion of the 2020-2024 Capital Plan in jeopardy.

Reinvent Albany Analysis: MTA Capital Dollars Received 29 Months After Start of Plan



Delayed money that eventually comes in will have less value due to it needing to cover inflated costs for labor, materials and equipment. (Inflation on MTA mega-projects is typically much higher than the rate of inflation.)

Funding for MTA's 2020-2024 Capital Plan Coming in at Slowest Pace of Last 3 Plans

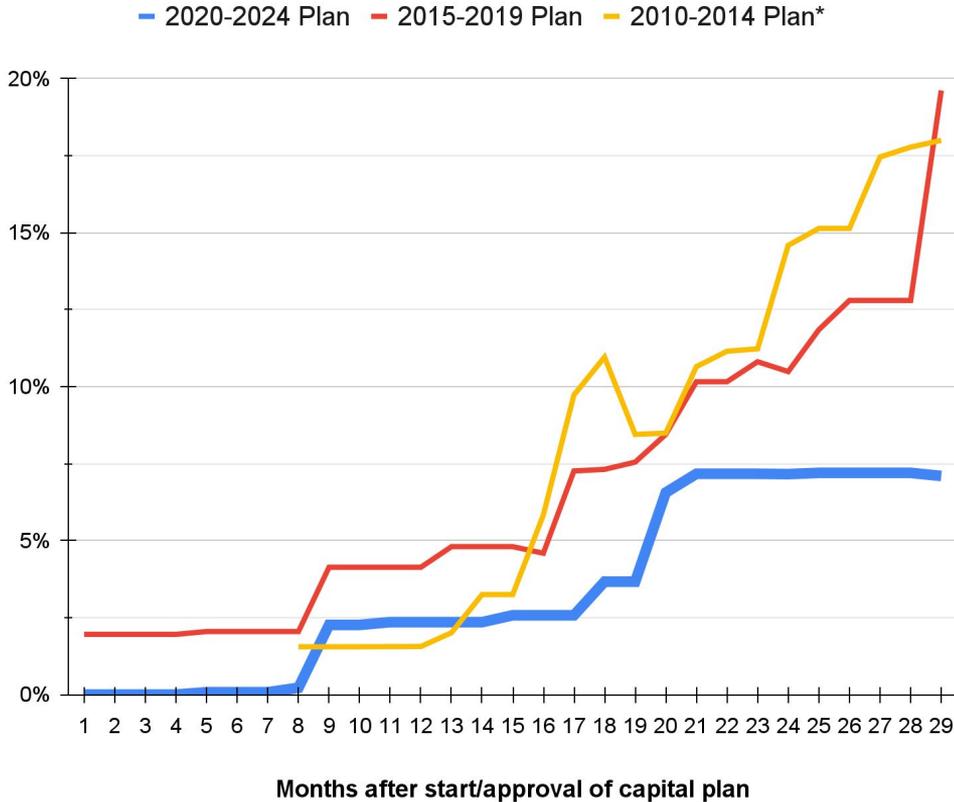
The rate of cash flow into the 2020-2024 Capital Plan is the slowest of the last three capital plans 29 months into the plan (May 2022).

Given the historic and massive size of the \$55 billion 2020-2024 plan, the full plan will not be able to be completed without the funds being received.

- As seen in the charts on the following pages, the MTA's 2020-2024 capital plan has only received 7% of the funding needed to finance its projects 29 months into the plan, compared to 18 percent and 20 percent for the prior two capital plans at this stage.
- Troublingly, the slow pace for the 2020-24 plan is also true in terms of *total* dollars received: only \$3.9 billion has been received 29 months in, compared to \$6.5 billion for the 2015-2019 plan and \$4.3 billion for the 2010-2014 plan – both of which were much smaller at \$33 billion and \$24 billion, respectively.

Methodology notes: The MTA's 2020-2024 capital program was approved on December 31, 2019 by the Capital Program Review Board, meaning that it started on time in January 2020. The 2015-2019 Capital Plan was approved late in May 2016, and the 2010-2014 Plan was also approved late in June 2010. Reinvent Albany began counting months into the 2015-2019 and 2010-2014 capital plans following their approval, rather than their nominal start dates. Data obtained from MTA Capital Program Oversight Committee archived meeting materials here <https://new.mta.info/transparency/board-and-committee-meetings> and here http://web.mta.info/mta/news/books/cpoc_materials.htm.

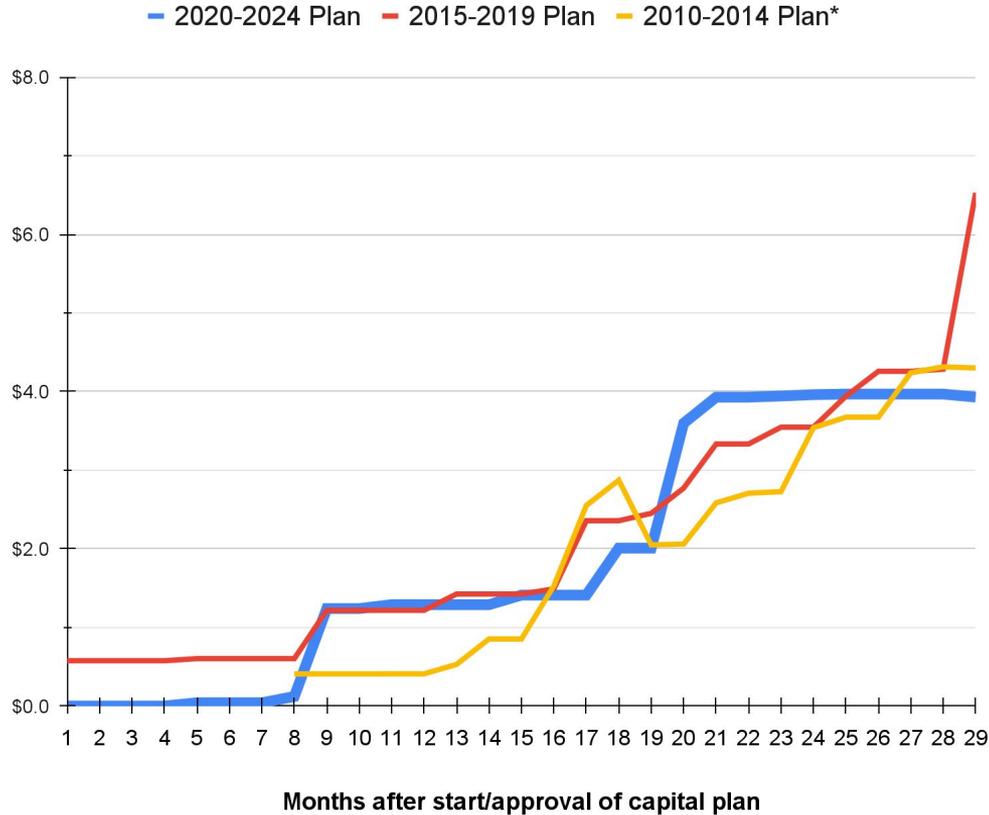
Reinvent Albany Analysis: Percent of MTA Capital Dollars Received 29 Months Into Plans



*Data for beginning of 2010-2014 plan not available due to CPOC materials not including this information until January 2011.

Months	2020-2024 Plan	2015-2019 Plan	2010-2014 Plan*
1	0%	2%	
2	0%	2%	
3	0%	2%	
4	0%	2%	
5	0%	2%	
6	0%	2%	
7	0%	2%	
8	0%	2%	2%
9	2%	4%	2%
10	2%	4%	2%
11	2%	4%	2%
12	2%	4%	2%
13	2%	5%	2%
14	2%	5%	3%
15	3%	5%	3%
16	3%	5%	6%
17	3%	7%	10%
18	4%	7%	11%
19	4%	8%	8%
20	7%	8%	8%
21	7%	10%	11%
22	7%	10%	11%
23	7%	11%	11%
24	7%	10%	15%
25	7%	12%	15%
26	7%	13%	15%
27	7%	13%	17%
28	7%	13%	18%
29	7%	20%	18%

Reinvent Albany Analysis: Total MTA Capital Dollars Received 29 Months Into Plans (in billions)



*Data for beginning of 2010-2014 plan not available due to CPOC materials not including this information until January 2011.

Months	2020-2024 Plan	2015-2019 Plan	2010-2014 Plan*
1	\$0.0	\$0.6	
2	\$0.0	\$0.6	
3	\$0.0	\$0.6	
4	\$0.0	\$0.6	
5	\$0.0	\$0.6	
6	\$0.0	\$0.6	
7	\$0.0	\$0.6	
8	\$0.0	\$0.6	
9	\$0.1	\$0.6	\$0.4
10	\$1.2	\$1.2	\$0.4
11	\$1.2	\$1.2	\$0.4
12	\$1.2	\$1.2	\$0.4
13	\$1.3	\$1.2	\$0.4
14	\$1.3	\$1.2	\$0.4
15	\$1.3	\$1.2	\$0.4
16	\$1.3	\$1.4	\$0.5
17	\$1.3	\$1.4	\$0.5
18	\$1.3	\$1.4	\$0.9
19	\$1.3	\$1.4	\$0.9
20	\$1.4	\$1.5	\$0.9
21	\$1.4	\$1.5	\$0.9
22	\$1.4	\$2.4	\$1.5
23	\$1.4	\$2.4	\$1.5
24	\$1.4	\$2.4	\$2.6
25	\$1.4	\$2.5	\$2.6
26	\$1.4	\$2.8	\$2.1
27	\$1.4	\$3.3	\$2.1
28	\$1.4	\$3.3	\$2.6
29	\$1.4	\$3.3	\$2.7

Congestion Pricing is the Lynchpin of the 2020-2024 Capital Plan's Funding Framework

Congestion pricing is by far the biggest source of funding for the MTA 2020-2024 capital plan. **It will bring in \$15 billion or 27% of the funds needed to complete the plan.**

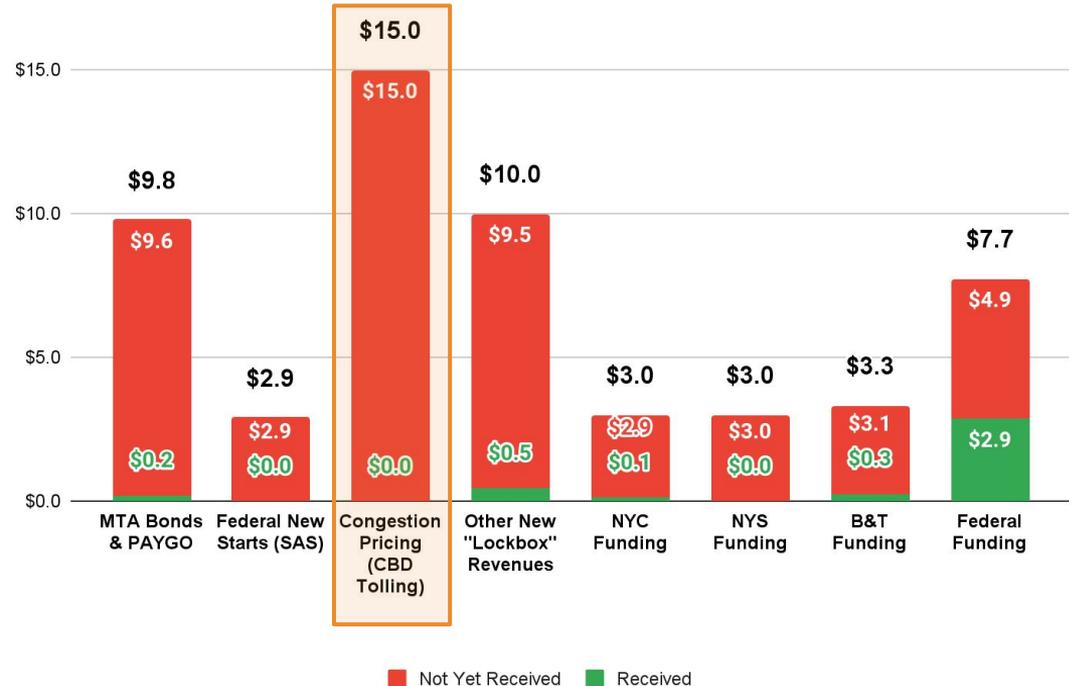
But the pricing program, originally slated to launch in January 2021, will not bring in revenue until 2023 at the earliest. The federal government has 430 new questions for the MTA about its draft, which the MTA has said may add to the delay.

The only source of funding that has come in at a meaningful level through May 2022 is federal, primarily from formula-based grants: \$2.9 billion in federal dollars have been received, as seen in the chart at right.

Otherwise, the MTA has received:

- \$461 million from other lockbox funds (the internet sales and mansion taxes - note that some of these funds were used for operating expenses in 2020);
- \$266 million from Bridge & Tunnels bonds; and
- \$202 million from MTA Bonds/Pay-As- You-Go capital (“PAYGO”).

Reinvent Albany Analysis: Funds Received for MTA 2020-24 Capital Plan by Funding Source as of May 31, 2022 (in billions)



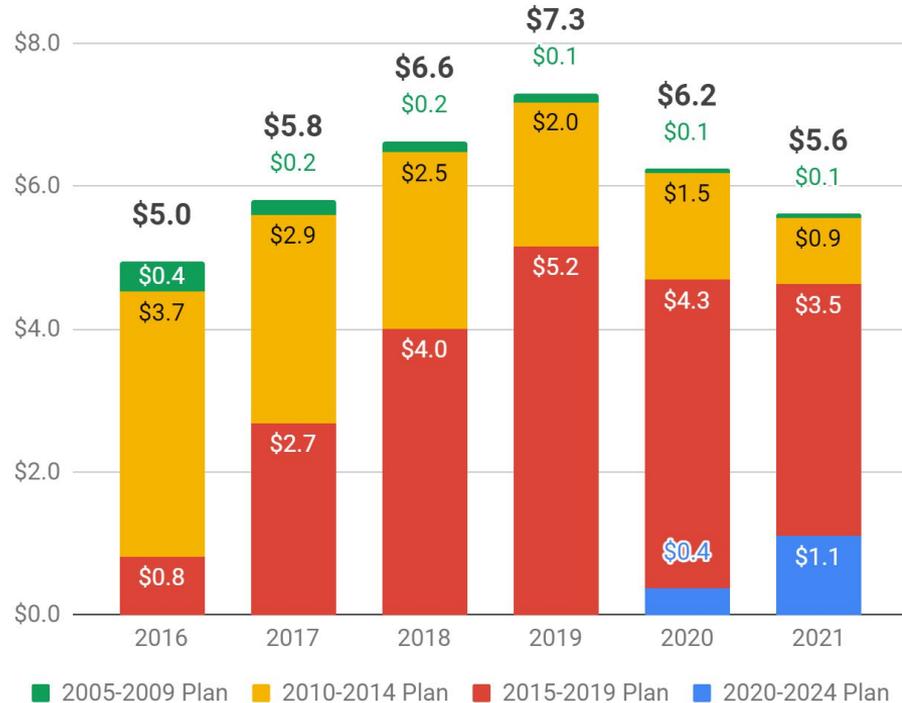
Capital Spending Declined in 2020 and 2021

The MTA started making gains in its capital spending in 2019, breaking prior records by spending a total of \$7.3 billion on all of its capital plans. However, due to COVID-19 disruptions, the MTA spent only \$6.2 billion in 2020 (see chart at right).

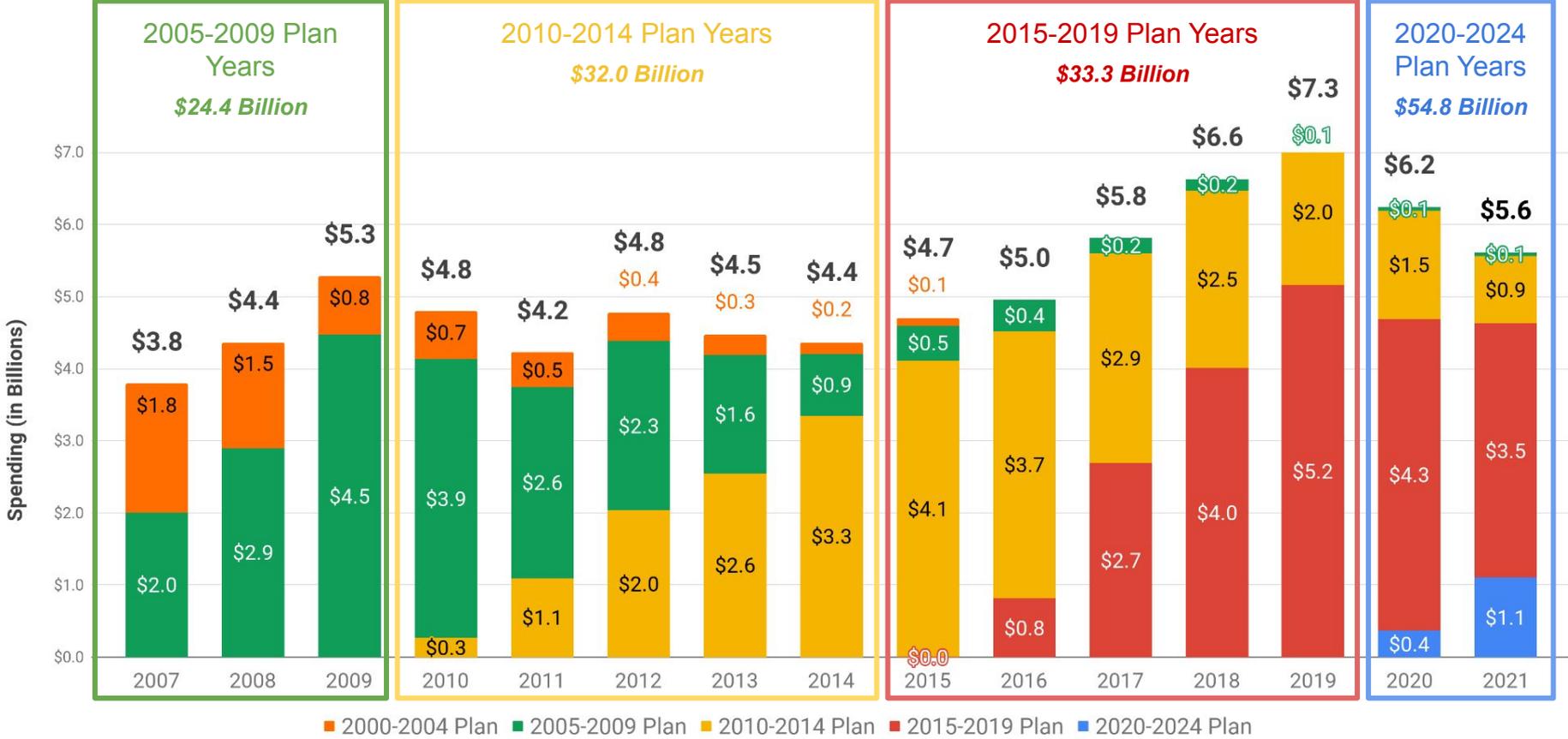
This trend unfortunately continued in 2021, and the MTA only spent \$5.6 billion on all capital plans in 2021 – the lowest level since 2017. This included only \$1.1 billion in spending on the 2020-2024 capital plan. A chart of annual MTA capital spending since 2007 is on the next page.



Reinvent Albany Analysis of MTA Capital Plan Spending, 2016-2022 (in billions)



Reinvent Albany Analysis of Capital Plan Spending by Year (in billions)



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

Congestion Pricing Will Bring in \$15 Billion to **Commit** to Future Capital Projects

The MTA's capital *commitments* also slowed in 2020 to \$4.7 billion, in part because it paused letting new capital contracts due to COVID-19's revenue impacts.

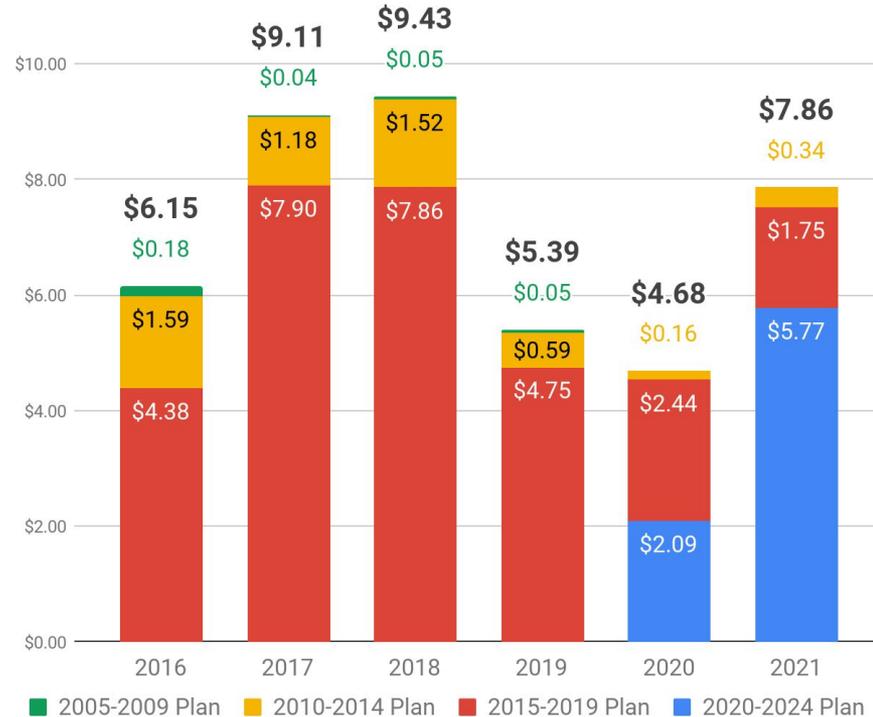
The MTA considers commitments the time when funds are planned to be used in the future when a contract is signed, or they intend to use employees to complete a project. This is not the same as actual spending on employees or paying a contractor. Commitments are the first step in a lengthy process, spending the last.

While commitments rebounded in 2021 to \$7.9 billion for all plans, \$5.8 billion was committed for 2020-2024 projects in 2021, which represents only 10% of the total plan size.

The MTA has said that its goal is to commit funds for each capital plan in a five-year period. To commit all 2020-24 funds in five years would require an historic, \$11 billion commitment each year from 2023-2025. The highest commitment level to date for a single plan was \$7.9 billion for the 2015-2019 plan in 2017. For commitment levels since 2007, see the chart on the next page.

If the MTA is going to complete its 2020-2024 capital program, it will need the money to do so. This requires the MTA speeding up its environmental assessment, and being given the go-ahead from the Federal Highway Administration to start congestion pricing without further delay.

Reinvent Albany Analysis of MTA Capital Plan Commitments, 2016-2022 (in billions)



Reinvent Albany Analysis of Capital Plan Commitments by Year (in billions)

