



Testimony to MTA Board

Re: Gov. Hochul's Cancellation of Congestion Pricing Will Whack MTA's Operating Budget and Degrade Transit Service

July 31, 2024

Good morning. I am Rachael Fauss, Senior Policy Advisor for Reinvent Albany. We advocate for more transparent and accountable New York government.

At today's meeting, we expect to hear more from the MTA staff about the damaging effects of Governor Hochul's cancellation of congestion pricing on the MTA operating budget. We already know that the Governor's catastrophic blunder has put \$12B worth of contracts for [MTA vendors](#), [\\$3B of in-house capital work](#) conducted by MTA union workers, and [100,000 well-paying New York State jobs on the chopping block](#).

Based on the MTA finance staff presentation at the [June Board meeting](#), we expect a shocking reversal from the [November 2023](#) and [February 2024](#) financial plans, when MTA staff lauded the "zeroing out" of all future deficits because of the support from the state budget.

We expect hits to the MTA operating budget to come from:

- **Declining fare revenue:** Congestion pricing was expected to boost ridership by 1.25% as motorists switched from cars to transit.
- **Lower capital reimbursements:** \$3B share of congestion pricing funds will no longer reimburse the operating budget for in-house capital work done by MTA unions.
- **Increased maintenance costs:** MTA will need to spend more to maintain older equipment because replacements to the MTA's aging bus, subway, and rail car fleets, and signal modernizations are on hold.
- **Higher debt service:** The MTA will need to borrow sooner, [at higher costs](#) to ensure that crucial state of good repair projects are able to move forward. [According to the State Comptroller](#), the MTA originally intended to borrow for its share of 2020-2024 capital plan funding in 2027 (bond anticipation notes) and 2030 (long-term bonds). Borrowing earlier means the MTA won't have paid off as much of its existing debt, increasing annual debt service payments.

The Governor claims she has fully supported the MTA's operating budget. The ugly reality is that by canceling congestion pricing, she has blown a giant hole in it that will likely result in service cuts, delays, reductions in the MTA work force, and fare increases – the exact opposite of a fully-funded MTA.

Thank you for your consideration.