



NYPIRG's

## ***Straphangers Campaign***

# A Rider's Plan for a Fairer Fare

## the facts

Here's a "riders' plan" to improve the current MTA budget proposal for 2008.

The MTA's proposal calls for a fare and toll increase to raise \$262 million in 2008. There would be no permanent new government aid for transit until at least the year 2010.

In contrast, the rider's plan calls for cutting the proposed fare hike in half or more by increasing transit aid from the State, the City and the metropolitan-area counties.

We also urge that the MTA hold off on any fare increase until at least the end of March 2008, when other key transit funding decisions are slated to be made. Whenever there's a fare hike, it should come with new fare discounts to attract riders. We also propose that serious consideration be given to freezing transit fares between 2009 and 2011, if the City is allowed to do a pilot congestion pricing project. This would make transit as attractive an alternative as possible.

Our plan asks everyone who benefits from the metropolitan mass transit system to contribute to it. Our goals are to make subways, buses and commuter rail as attractive a transportation alternative as possible and insure government's commitment to transit.

Below we lay out the MTA's plan and how the riders' plan would make it better.

### **MTA Plan: Riders Get a Fare Hike in 2008. State and City May or May Not Help Later.**

The current MTA financial plan calls for a transit fare hike early in 2008, raising \$262 million dollars next year. That's equal to 6.5% of current fare and toll revenues for the MTA.

Many of the most vulnerable New Yorkers would bear the brunt of the increase. For the home health aide (earning \$21,160 a year on average), teaching assistant (\$23,840) or cook (\$17,000 to \$26,000), a fare hike will be a serious hardship.

The MTA hopes some \$600 million in permanent new funding will come from the State and/or City, but not until the year 2010. But there is no legal commitment that if riders go first in 2008, that the state or city will pay their share of \$600 million in 2010.

### **The MTA is Up to Its Neck in Debt.**

It's critical that the commitment by New York's government to transit grow as soon as possible. That's because the system is facing a big increase in costs.

Much of the MTA's long-term deficit is caused by soaring interest on the \$32 billion that the MTA has been forced to borrow since 1982. These bonds made up for real lack of city and state aid badly needed to fund key repairs to the 103-year-old transit system.

"Debt service" on these bonds has increased 82% in the last four years, from \$848 million a year in 2004 to \$1.546 billion in 2008. Borrowing costs will eat up an astonishing 20% of the MTA's yearly costs by the end of the decade. It is only fair to acknowledge that the MTA has a "structural" deficit that will require new revenues in future years to address recurring deficits caused by increased debt payments.

### **The Hike Is Too Big, and There's Too Little Help From Albany and City Hall.**

The MTA argues that a relatively "modest" fare increase every two years is better for both the riders and the MTA than a large fare hike later. The MTA projects a big fare hike in 2009 – a yield of some 15% in revenues – if there is not a smaller fare increase in 2008.

But we believe the MTA's proposed fare hike asks too much from the riding public – and that the State, the City and the metropolitan-area counties should do their fair share. Right now, the State and City directly provide less than 3 percent of the MTA's operating budget.

In 2005, the MTA told federal transit officials that the fare burden on its riders was 58% – with subways at 68% and buses at 42%. The national average for big transit systems is 40%. This January, MTA CEO Lee Sander told a state legislative committee: "In 2007, MTA expects to generate \$5.4 billion, or 60%, of its total \$9.2 billion in operating revenues primarily from fares and tolls. This is a phenomenally high fare box return."

### **The Riders' Plan is a Fairer Plan. It would cut the MTA-proposed fare hike in half or more in 2008.**

Our plan calls for riders splitting the \$262 million – now proposed by the MTA to come from a fare and toll hike – evenly with the State, City and metropolitan counties. This is the kind of real world, here-and-now assistance transit needs, rather than uncertain funding in 2010. In 2009 and 2010, the various state and local governments would ratchet up to \$700 million annually. The MTA had already proposed a \$600 million contribution by New York government in 2010. At the same time, there could also be another 3% hike in revenue from fares and tolls in 2010, with riders also contributing to the MTA's financial need if necessary, unless a fare freeze was considered.

### **There Should Also Be New Fare Discounts.**

In addition, the MTA should consider offering new fare discounts to keep attracting more riders, even if there is a fare increase. As part of past fare hikes, the MTA has taken other steps to help riders, such as insuring 30-day MetroCards from loss or theft. Among possible discounts are:

- 14 day unlimited-ride MetroCard, more affordable and with more discount than 7-day passes;
- progressive pay-per-ride bonuses keeping low dollar threshold for getting discounts;
- lower fares for families traveling on weekends; and
- making the City Ticket – which allow travel on the LIRR and MetroNorth within the city less expensive on the weekends – permanent and available on weekdays.

### **Consider a Three-Year Transit Fare Freeze.**

The Mayor and the Governor have asked for permission to conduct a "congestion pricing" pilot for New York City. In the pilot, drivers would be charged \$8 if they entered Manhattan's Central Business District during weekday rush hours. Drivers would be credited for any tolls they pay, so that the most any motorist would be charged each day would be a total of \$8. Trucks would be charged at a higher rate.

The goal of congestion pricing is to reduce traffic and to provide funds for desperately needed transit improvements. It should also reduce air pollution, improve our quality of life and make shipping more reliable and predictable.

One way to keep transit an attractive alternative, would be to freeze fares between the middle of 2009 and 2012, when the pilot project is in effect. At a minimum, no final action should be taken by the MTA on the fare until March 31, 2008, when a decision on congestion pricing is slated.

### **What does the New York Times say about the riders plan?**

In a September 16, 2008 editorial, The New York Times wrote: "... every effort should be made to minimize the riders' pain. There are ways this could be done. The M.T.A. is proposing to raise \$262 million through higher fares and tolls. The Straphangers Campaign, a nonprofit riders' advocate, suggests a more equitable sharing of costs. His group is calling for the city and counties to contribute \$65 million, and the state to pitch in an equal amount. If they did that, riders would face only a 10-cent fare hike. It is a reasonable approach, and lawmakers should give it serious attention."

For more information contact the Straphangers Campaign [www.straphangers.org](http://www.straphangers.org) • 212-349-6460