



NYPIRG's

## **Straphangers Campaign**

# REFORMING THE MTA

### the facts:

*The Metropolitan Transportation Authority has been plagued by scandals: In April 2003, the state and city comptrollers found that the MTA – which runs city and suburban transit and many city bridges and tunnels—misled the public about its finances when asking for fare and toll increases. At the same time, the MTA acknowledged hundreds of millions of dollars in cost overruns for leasing a new headquarters in lower Manhattan. It was also disclosed that former U.S. Senator Alfonse D'Amato made \$500,000 for a phone call lobbying the MTA on behalf of the building's owner – and serious questions have been raised as to whether the Office of MTA Inspector General has been doing its job to root out corruption, mismanagement and inefficiency at the agency.*

*This fact sheet has been prepared by the NYPIRG Straphangers Campaign to detail what can be done to make the MTA more open and accountable.*

#### **What's gotten the MTA in such hot water?**

The MTA is a public authority with limited oversight by the state and the city. As a result, there is a lack of meaningful outside checks and balances on the agency.

Take the 2003 MTA fare and toll increases. In February 2003, State Comptroller Alan Hevesi asked the MTA to hold off on its hikes pending a financial review. Instead, the MTA voted the increases in March. In April, Hevesi, along with City Comptroller William Thompson, Jr., issued an audit finding the MTA had essentially been keeping two sets of books. The report concluded that the MTA “moved resources off budget and from one year to another, that had the effect of grossly reducing the projected size of the 2002 surplus from \$537 million to \$25 million.” Without these actions, the MTA's surplus in 2003 would have been \$83 million – not a deficit of \$236 million, as the public was told.

*“If the MTA cannot truly and permanently change the way it handles the public's money, there should be legislation to force it to reform ... the Legislature must step in and rewrite the law to mandate openness.”*

—Editorial, *New York Daily News*,  
July 16, 2003

#### **Wasn't the MTA vindicated in court?**

No. In May 2003, two different State Supreme Court judges found that the MTA had provided “misleading financial information” and had “intentionally deceived the public.” These decisions were reversed in July 2003 by an appellate court that decided there was “nothing in state law with regard to the amount or kind of information underlying the MTA's budget processes or rationales that must be provided to the public.” The appellate judges said “it would be desirable from the public's perspective to have the MTA's budgeting processes be completely transparent and open for detailed inspection,” but it was up to the legislature to set standards.

#### **What should be done?**

The state legislature should enact Assembly Bill 7998. The bill would create a new set of checks and balances on the MTA and thereby rebuild public confidence in the agency. The legislation would:

- **Create a new MTA Independent Budget Office.** An MTA IBO would provide what is missing now: the expertise and independence to help elected officials and transit riders and workers do close reviews of transit budget priorities. New York City's Independent Budget Office has served the City well over the last

decade, providing information for a more robust debate on city budget decisions. As with the city's IBO, an MTA IBO would have a director appointed by a panel of independent elected officials – and serve for a fixed term with guaranteed annual funding and full access to information. The need for an IBO is illustrated by new MTA budget documents, which were issued by the MTA in late July in response to the controversy around its finances. While the materials are an improvement, much more information is needed. The budget does not place the cuts in context. For example, the budget for MTA New York City Transit – which runs the city subways and buses – says it plans to cut 21 bus road control dispatchers, but does not say what that cut is as an overall percentage of dispatchers. There's also an absence of performance indicators and projected impacts on service. An MTA IBO would help others dig for this information, understand the impacts of budget priorities, and recommend alternatives.

- **grant greater independence to the MTA Inspector General.** In 1983, the state legislature created an Inspector General for the MTA, appointed by the governor, not the MTA. For years, MTA IG's aggressively sought to root out corruption, waste, mismanagement and inefficiency at the agency. But state legislative hearings have raised serious questions about whether the office is currently serving the role it has in the past. The real loser from emasculating this important office has been the MTA itself. Assembly Bill 7998 would restore the office's independence by having the MTA IG appointed by the state Attorney General and not the Governor, who appoints the rest of the MTA board.
- **create a publicly accessible computerized registry of MTA contracts.** Each month, hundreds of millions of dollars of contracts go hurtling by at MTA board meetings, with little time for board members, the media or the public to understand – and with no easy way of monitoring outcomes and performance. New York City maintains a publicly accessible database of its contracts; that's been a key safeguard. Assembly Bill 7998 would require the MTA to do the same.
- **have those lobbying the MTA on contracts or other matters register with the State Lobbying Commission.** Right now, nothing is known about the firms and individuals who lobby the MTA each year on literally billions of dollars of contracts. Media revelations show that well-connected power brokers are affecting contract awards and other decisions at the MTA. In the wake of these news stories, the MTA has put out its own proposal. But it is not credible: the lobbying information is minimal and not easily accessible; only a small range of activities are disclosed; there are no penalties or enforcement; many kinds of contracts and activities are exempt or not included; and there's no prohibition on contingent lobbying. The public has a right to know more; Assembly Bill 7998 would require MTA lobbyists to file with the State Lobbying Commission, as do those lobbying the state legislature now.

*“[The MTA] moved resources off budget and from one year to another, that had the effect of grossly reducing the projected size of the 2002 surplus from \$537 million to \$25 million.”*

—New York State Comptroller Alan Hevesi  
An Examination of the Finances of the  
Metropolitan Transportation Authority  
April 2003

#### **What's the status of Assembly Bill 7998? What can I do to win reform?**

The bill passed the State Assembly in June 2003, but no action was taken in the State Senate. The Senate is planning to hold hearings on the MTA soon and may act on its own set of changes. *The NYPIRG Straphangers Campaign urges New Yorkers to contact their State Senator and ask them to support real reform to make the MTA more open and accountable.* You can find out who your Senator is by going to “Who Represents Me?” at [www.nypirg.org](http://www.nypirg.org).

**For more information, visit [www.straphangers.org](http://www.straphangers.org) or call 212-349-6460**