

The IBO [report](#) (available on IBO's [website](#)) covered in the article below and the article itself make clear how City and State shortchange mass transit. From the email from the IBO transmitting the report: "IBO tracks the various payments from the city and state to the MTA since the 1990s, provides some background on how their current levels are determined--and finds that in general subsidies have been relatively flat in inflation-adjusted dollars for more than a decade." Rather than take from their (admittedly these days stressed) budgets, the city and state in the times of plenty just ignored transit needs and forced bonding rather than pay-as-you-go-funding for the MTA capital program. Then they try to foist unfair, inequitable and inefficient schemes like the congestion tax on the public. The Public Ought to Know the truth about these irresponsible actions that do not justify revenue schemes to substitute for their malfeasance. Let the state and city step up to the plate and then talk turkey. Keep NYC Congestion Tax Free outlined many [alternative](#) revenues that would resource the city to pony up what it owes transit without screwing hard working working and middle class New Yorkers.

Also, note the post that follows the article below from former MTA board member Silverman and the link to 2005 Comptroller's [report](#).

<http://cityroom.blogs.nytimes.com/2008/08/14/have-city-and-state-shortchanged-the-mta/?scp=1&sq=ibo%20and%20mta&st=cse>

The New York Times

August 14, 2008, 11:03 am

Have the City and State Shortchanged the M.T.A.?

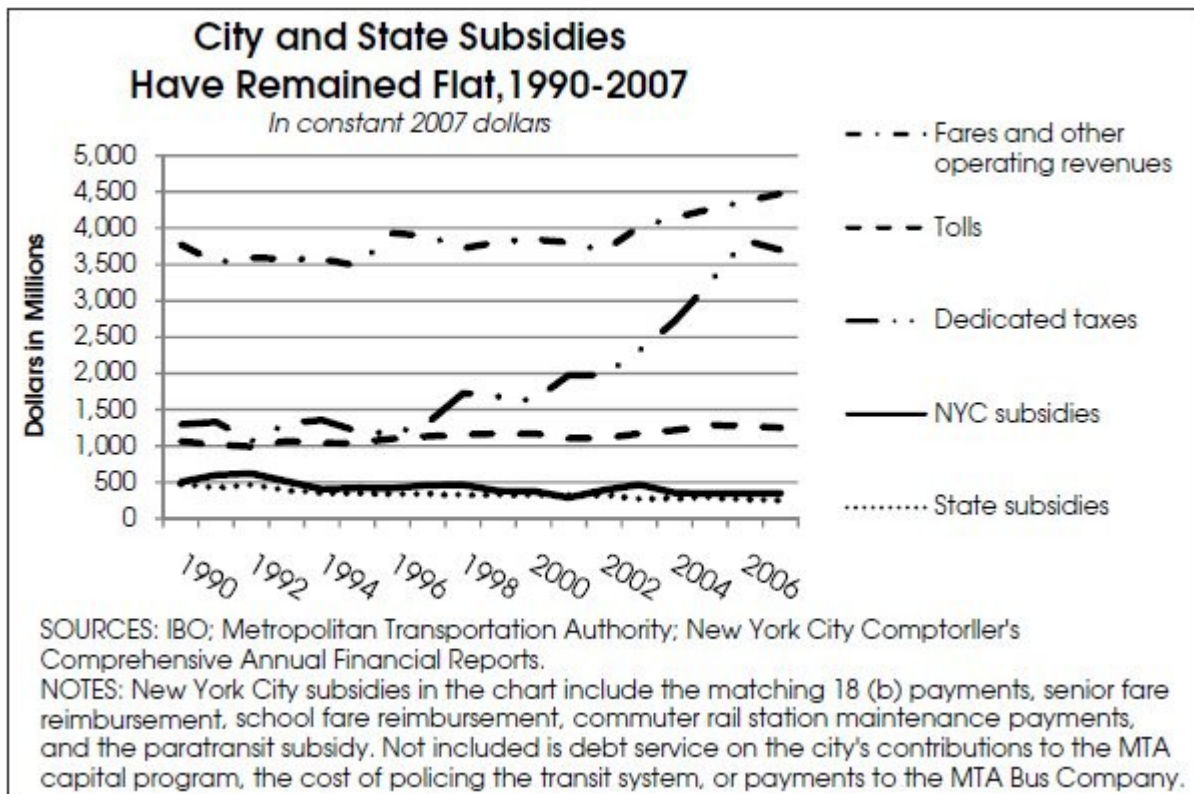
By [Sewell Chan](#)



Updated, 5:20 p.m. | State and city subsidies to the Metropolitan Transportation Authority have remained largely flat since 1990, exacerbating the authority's fiscal pressures at a time when it is threatening to raise fares and facing steep deficits because of the turbulence in the real estate market, according to a new report.

The [three-page report](#) [pdf], released by the city’s Independent Budget Office on Thursday, did not make any policy recommendations, but it suggested that the intense news coverage of the authority’s troubled finances has largely overlooked the issue of government subsidies. The authority collects far more revenue from subway, bus and commuter rail fares, dedicated taxes, and bridge and tunnel tolls than it draws from direct government aid.

“It remains to be decided whether new types of subsidies are necessary, or whether existing levels should be altered by adjusting terms that have held some subsidies flat for a decade,” the report’s authors, Alan Treffeisen and Doug Turetsky, wrote. “But in order to best decide how to aid the M.T.A. in the future, a common understanding of how much assistance the city and state provide today is needed.”



Also on Thursday, Mayor Michael R. Bloomberg called on the state to increase subsidies for the authority. He also suggested that the city could do a better job of running the agency than the state. “Generally speaking, given the quality of mayors, they should be in control of their transportation systems,” Mr. Bloomberg said at a meeting of the United States Conference of Mayors in Midtown Manhattan.

Mr. Bloomberg said that when he ran for office the first time in 2001, he promised to try and wrest control of the city’s transportation system if he was elected. The events of Sept. 11, 2001, however, changed the economics, he said. “I didn’t recognize the desire in Albany to keep control,” he said.

Given the city's own financial problems, taking control of the agency could be perilous. Asked if the city would increase subsidies to the authority, Mr. Bloomberg replied, "We have no money to do that, and it's up to the state to find the money."

Just teasing out how much the state and city give the authority can be tricky. The report notes that Mayor Michael R. Bloomberg has said the city gave \$1.2 billion to the authority in the 2008 fiscal year. In fact, the report said, the total of *all* city and state subsidies to the authority — including subsidies from Connecticut and from suburban counties where the authority's commuter railroads run — was only \$858 million that year.

Most of New York City's contribution to the authority goes to New York City Transit, the arm of the authority that runs the subways and buses. Here is a partial breakdown:

- \$159 million in annual operating assistance, which has remained fairly constant since the mid-1990s.
- \$45 million in annual reimbursements, also matched by the state, to partly cover the cost of providing reduced-price or free rides to children traveling to and from school. The payment levels have been unchanged since 1995.
- \$43 million (in 2007) to help operate Access-a-Ride, the paratransit program for the disabled. The city's payment covers about one-third of the program, and increases to the city's contribution are capped at no more than 20 percent a year. Without the cap, the city would have paid nearly twice as much in 2007 as it did.
- \$14 million in annual reimbursement for the cost of providing half-fare discounts to the elderly.
- About \$4.5 million in annual subsidies to cover part of the costs of the M.T.A. Police, which patrols Grand Central Terminal and Pennsylvania Station and is an independent law enforcement agency. (Mr. Bloomberg has argued that the roughly \$360 million it costs the city's Police Department to police the subways each year should be considered aid to the authority.)
- \$260 million (in 2007) to help cover operations, lease payments and insurance costs for the M.T.A. Bus Company, which in 2006 completed the takeover of seven private bus companies.
- \$106 million in annual contributions to the authority's capital budget. From 1987 through 1996, the annual capital contribution averaged well over \$200 million. It fell to \$106 million and then, in 2003, to \$75 million, before being raised to the current level. (The mayor has argued that certain debt service payments should be counted as aid to the authority, but the budget office did not share this view.)
- \$78 million for the maintenance of Long Island Rail Road and Metro-North Railroad stations in New York City.
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State aid to the authority is much simpler:

- \$191 million annually in direct operating assistance.
- \$45 million in annual reimbursements to partly cover the cost of providing reduced-price and free rides to students.
- \$20 million in 2007 in special assistance to commuter railroads, a program not likely to be continued.

The state provides no direct aid to the authority's capital budget, but nearly half of the \$3 billion bond act passed by state voters in 2005 is designated for the authority's current capital program. In addition, there are several dedicated tax streams that are dedicated to the authority.

A so-called "urban tax," collected in the city and dedicated to the authority, includes portions of the real property transfer and mortgage recording taxes imposed on certain commercial property sales. In 2007, urban tax revenue totaled just over \$883 million, with 90 percent going to New York City Transit, 6 percent to Access-A-Ride, and 4 percent to the M.T.A. Bus Company.

The state also levies taxes earmarked for the authority that are collected in the 12-county region in which the authority operates. The state taxes brought in about \$2.9 billion in 2007, including revenues from sources such as the 0.375 percent portion of the sales tax, the petroleum business tax, and a state mortgage recording tax.

Ken Belson contributed reporting.

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[12:59 pm](#)

I have to laugh at the hypocrisy of state elected officials who complain about fare increases which are largely due to the borrowing they approved during the Pataki administration which shifted the MTA's capital costs (stations, rolling stock, etc.) from the state and city and placed it largely on the backs of the farepayers.

How many people realize that the MTA now has to pay over \$150 million each month because of the irresponsible borrowing which, like those now-famous subprime mortgages, began with low up-front payments? That way the increases didn't kick in until after the 2002 election.

The real culprit is not the MTA; it's the politicians who kick the can down the road for the next administration to worry about. Too bad this story is almost never told.

Ask Senate Majority Leader Dean Skelos why, as a member of the Capital Program Review Board, he approved the borrowing plan when the Citizen's Budget Commission and virtually every other fiscal watchdog group, opposed the plan.

Too bad these stories are rarely written or followed up on. A readable, although somewhat sanitized version of the scheme can be found at

<http://www.osc.state.ny.us/osdc/rpt7-2005mta.pdf>

— *Posted by Lawrence H. Silverman, Former MTA Board Member representing the ridership*