

**Statement of the Permanent Citizens Advisory Committee
to the Metropolitan Transportation Authority
before the Committees on Transportation and Finance
of the Council of the City of New York
on the Ravitch Commission Findings
December 16, 2008**

I am William Henderson, Executive Director of the Permanent Citizens Advisory Committee (PCAC) to the Metropolitan Transportation Authority. The PCAC is the coordinating body for three riders' councils, the Long Island Rail Road Commuter's Council, the Metro-North Railroad Commuter Council, and the New York City Transit Riders Council, which were established by the State Legislature in 1981. We represent the interests of users of commuter rail and transit services in the New York region, and our members are riders who are recommended by local government officials and appointed by the Governor.

When Governor Paterson announced the formation of the Commission on Metropolitan Transportation Authority Financing in June of this year, the members of the PCAC were very much encouraged. Chairman Richard Ravitch has time and again proven his skill in cutting to the heart of important public policy issues and crafting solutions, and the members subsequently named to the Commission are talented and experienced persons who take civic responsibility seriously. We were pleased to testify twice before the Commission as it gathered the facts and judgments that would enter into its deliberations.

For many years, the PCAC has advocated an open debate over the means by which the MTA and its operating agencies should receive funding. In particular, the PCAC strenuously objected to the manner in which the MTA's 2000-2004 Capital Program was financed. This Capital Program received minimal funding from the City and State, but instead was largely financed through borrowing to be repaid through operating revenues.

The longstanding position of our members is that if fares cannot support operating costs, the use of operating revenues to support debt service is unwise. For those who wished to examine the out years of the MTA's financial plans the implications of borrowing to support the Capital Program were clear: a rapidly

increasing debt burden upon the MTA system and its riders. A booming real estate market and slippage in construction schedules delayed the day of reckoning, but even before the depths of the present recession became known, it was obvious that the MTA had a problem. The successful statewide 2005 Transportation Bond Act campaign was an effort by transportation advocates, the PCAC among them, to guide the funding of transportation improvements in a new direction, but its scale was not sufficient to reverse the impact of rapidly rising debt service expenses.

The Ravitch Commission was established in this context and worked very hard with limited resources to craft reasonable, actionable recommendations for reforming the funding of the MTA. The PCAC has examined these proposals, and, while we have not taken a position on all of the Commission's recommendations, we begin our comments from two basic principles. The first is that we cannot support the implementation of the 2009 budget that will likely be adopted by the MTA Board tomorrow, due to the impacts that it will have upon riders. Instead, we must press for reforms that will provide for adequate and affordable public transportation for all. The second is that we believe that the Ravitch Commission's recommendations must be the starting point in developing a final resolution to the MTA's operating and capital financing shortfalls.

We agree with the Commission on many fundamental issues. Like the Commission, the PCAC is optimistic concerning the future of this region and believes that we must continue to invest in its transportation system. With the Ravitch Commission, we feel strongly that the time to act is now; the imposition of the service cuts and fare increases contained in the MTA's proposed 2009 budget are unacceptable, but they will go into effect if no other action is taken. The PCAC's members also believe that the social contract between the beneficiaries of MTA services, where those who receive benefits from the system pay for its maintenance and operation, should continue. This means that riders will pay, but so also will drivers and those businesses that depend on proximity to transit and the mobility that it provides.

Also, like the Ravitch Commission we believe that the projects to be included in the MTA Capital Program should be chosen through a public, open, and transparent planning process and that any new revenues developed to fund these projects be placed in a "lockbox" so that they are only available for projects properly selected through the Capital Program planning process. The members of the PCAC have discussed and support the Ravitch Commission's recommendation to create a Capital Finance Authority to ensure that the MTA lives within its means and that the new revenues raised to provide for capital projects go to support the Capital Program.

The PCAC likewise agrees with the Ravitch Commission that the MTA must continue its efforts to increase transparency and accountability. As the Ravitch Commission's report to the Governor rightly notes, the MTA makes available a

variety of information, but it is often not in a particularly useful form. We would also like to see the quality of the MTA's reporting on its finances improved. We share the Commission's conviction that the MTA must commit to aggressive initiatives to control costs and maximize productivity before the public takes on additional financial burdens, but we also agree that these efficiencies will not be sufficient to eliminate the MTA's operating budget deficit.

While the PCAC endorses the division of responsibility for funding the MTA's capital and operating needs among the beneficiaries of its service, we have not taken a position as to the specific funding sources that the Ravitch Commission has endorsed. However, we do believe that these recommendations should be given all due consideration and that they should not be rejected out of hand. In the final analysis, the important consideration is that the funding mechanisms chosen should be feasible to implement and spread the burden of paying for transit among its beneficiaries.

In sum, the PCAC welcomes the recommendations of the Ravitch Commission and believes that they should be the starting point for implementing an MTA funding package that shares burdens equitably among all those who benefit from the MTA system. We are adamant that these recommendations be given due consideration, but in the end we do not necessarily oppose alternative actions that achieve the same goals. One thing is clear; doing nothing is not a feasible alternative. We demand that our elected representatives support a process that leads to a constructive and timely resolution of the MTA's funding crisis.