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## Checking the Boxes: New PCAC Report Looks at Alternative Funding Streams to Congestion Pricing

*Current MTA Capital Plan Faces \$16.5 Billion Shortfall; (Spoiler Alert) Only Congestion Pricing Checks All the Boxes of Funding Target, Bondability, Congestion Reduction, Air Quality Improvement, Improving Affordability for All New Yorkers*

**New York-** From I.O.U.s to station naming rights, various elected officials and groups have floated far-flung funding concepts to replace the \$16.5 billion hole Governor Hochul created in the MTA's current Capital Program following her 11<sup>th</sup>-hour pause of the Congestion Pricing Program. Today, the Permanent Citizen's Advisory Committee to the MTA (PCAC) released a new report titled [Funding the MTA's 2020-2024 Capital Plan: Evaluating Proposed Alternatives to Congestion Pricing](#), examining how Congestion Pricing compares to eight of the more noteworthy alternative schemes.

The report comes on the heels of subway delays that are an early indicator of issues that will become endemic if 100-year-old switches and signals aren't replaced and substations upgraded, and following significant weather events that have highlighted the system's vulnerabilities. For her part, Gov. Hochul said recently that she was "massaging" plans to close the funding gap, although details remain as opaque as ever.

"The unexpected pause of Congestion Pricing is already having immediate and dramatic impacts on the transit system, the millions of daily transit riders in New York who rely on it, and hundreds of thousands of New Yorkers across the state who rely on the MTA for their paychecks," said **Lisa Daglian, Executive Director, PCAC**. "Promises made, promises broken, and we're just seeing the tip of the iceberg of the true cost of the Governor's pause, which will affect New Yorkers of every income level, but lower income workers the most. At the same time, we're seeing air quality alerts almost daily, and traffic levels even higher than they were pre-pandemic – while traffic speeds are slower than ever. It's high time for Governor Hochul to obey the law, and un-pause the pause to let Congestion Pricing move forward. The economic viability of our entire region depends on it."

### Key Report Findings:

- **None** of the alternative suggestions tackle the issues of **traffic reduction and air quality improvement**. Traffic congestion costs the NYC region \$20 [billion](#) in lost economic activity, while cities that have implemented Congestion Pricing have experienced [lower asthma hospitalization rates](#), [decreases in air-pollution related health outcomes](#) and [road traffic injuries](#).

- **Four of the eight proposals are bondable, but all would be better utilized to fund the 2025-2029 MTA capital plan.** This is essential as the \$1 billion in revenue is expected to be bonded to \$15 billion towards the current capital plan. For a funding stream to be bondable, it is necessary for it to be continuous and predictable, not a one-time infusion of cash.
- Congestion Pricing is the only program that improves affordability for New Yorkers. While the median income across New York City is \$55,752, the **median income of a household with a vehicle is \$85,000, compared to the \$40,630** median income for households without a vehicle. Additionally, only 1% of the greater New York City region's residents drive into the congestion zone for work, while other proposals impact far more low- to moderate-income New Yorkers.
- Some of the proposals **already fund or are promised to fund the MTA's Operating Budget.** Raiding this funding to support the capital program is counterproductive.
- Though she cited affordability as the reasoning behind pausing congestion pricing, **Governor Hochul's proposed Payroll Mobility Tax increase in New York City would have impacted 4,347,806 workers who on average earn \$40,000 less than the 283,708 New Yorkers likely to pay the congestion pricing fee.**

The \$15 billion and growing deficit in the FY 2020-24 program created by the pause comes as development for the MTA's 2025-2029 Capital Plan is underway and discussions about funding sources are being initiated. That plan is due to be approved by the MTA Board in September and the Congestion Pricing Review Board in October. However, instead of starting the fiscal discussions from a balanced position, legislators and the MTA are facing significant pressure to identify sources that raise substantial amounts of money, are bondable by the MTA, are protected from potential future raids, and are not regressive or overly burdensome on any particular portion of the population – an exceptionally daunting task.

“While imaginative, the proposed funding alternatives to close the hole created by the pause either fail to deliver the needed funding or cost working New Yorkers more, while missing out on the improvements to traffic and air quality,” said **Daglian**. “Some will be better suited for future funding streams. We already have one for the current plan: Congestion Pricing.”

The cuts and delays to the MTA's Capital Plan were outlined in detail at the June and July MTA Board meetings. They included: canceled resiliency projects; stalled elevator and escalator installations; bus and train equipment orders sitting in limbo; and red lights for signal improvements. The halt of construction on the 2<sup>nd</sup> Ave. Subway means the East Harlem community is again waiting for the replacement of the el that was torn down in the mid-50's.

On the operating side, the loss of Congestion Pricing revenue will likely force the MTA to borrow money earlier and at a higher cost for the remaining capital improvements. It means the loss of ridership and anticipated farebox revenue expected as a result of behavioral change following the start of Congestion Pricing; increased costs of maintenance and overtime to maintain aging rolling stock; and that expected reimbursements for personnel and other expenses are not made from the capital plan. The longer the pause of the Congestion Pricing program remains in effect, the more revenue is forfeited, and the more deeply the cuts will be felt by riders.

**About PCAC:**

Created by the New York State Legislature in 1981, the Permanent Citizens Advisory Committee to the MTA (PCAC) represents transit and commuter rail riders in the 12-county MTA region. PCAC regularly researches issues, recommends viable solutions, and advocates on behalf of the region's subway, bus and Staten Island Railway riders, and Long Island Rail Road and Metro-North Railroad commuters through its three rider councils – the Long Island Rail Road Commuter Council (LIRRCC), the Metro-North Railroad Commuter Council (MNRCC), and the New York City Transit Riders Council (NYCTRC). These councils and their non-voting MTA Board members were created to serve as a voice for users of the MTA system in the development and implementation of policy, and to hold the MTA Board and management accountable to riders.

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