



# PCAC

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## The High Costs of Exempting Municipal Workers from the NYC Congestion Pricing Program

*Exempting all municipal workers would result in a loss of 14% or \$140 million of total toll revenue per year*

**New York, NY** - Today, the Permanent Citizens Advisory Committee to the MTA (PCAC) and Regional Plan Association (RPA) jointly released a new report titled [\*\*The High Costs of Exempting Municipal Workers from the NYC Congestion Pricing Program\*\*](#) examining how many municipal workers commute to the Central Business District daily and how much transit funding would be lost if they were exempt from paying the Congestion Pricing toll. In recent discussions about congestion pricing, [some politicians](#) and opponents of the policy have proposed exempting municipal workers from paying congestion pricing fees. This new report finds that this is a lose/lose proposition. It would privilege municipal workers who drive over those who don't and pit city employees against the rest of the workforce. It also results in substantial revenue losses and increased traffic congestion.

Far from helping the lower income New Yorkers who need it most, the new report finds that municipal workers who drive to work earn, on average, \$90,000/year, which is almost 50% more than municipal workers who use transit, walk or bike to work and more than double the median income of New York's labor force.

Despite her promise to develop a plan to restore funding for the MTA's current capital plan, Gov. Hochul continues to delay releasing any true details, while her early offerings did nothing to reduce worsening congestion or address declining air quality. Meanwhile, the transit system, drivers, and the environment continue to suffer.

### Key Report Findings:

- Exempting municipal workers from congestion pricing will result in an annual loss of \$140 million.
- A municipal worker exemption would increase tolls for everyone else: The \$15 base toll would have to be increased to \$17.45 to make up the loss and meet the revenue target.
- NYPD, FDNY, and NYC DOE employees hold 106,554 parking placards around the city. Approximately 24,700 placards are held by employees of these three agencies whose

primary work locations are in or near the Manhattan Central Business District. Exempting just this group would result in a loss of \$71 million.

- Exempting municipal workers would continue to greenlight nearly 49,000 daily vehicle trips entering the zone, contributing disproportionately to GHG emissions and traffic. This, at a time when the city is recording the worst congestion and [slowest traffic in years](#), and businesses and individuals are wasting time and fuel sitting in traffic.
- Municipal employees are already 78% more likely to drive to work than their private-sector counterparts, they are also more likely to drive for non-work trips.
- Exempting any subset of the workforce will open the floodgates to demands from other groups for exemptions as well. There is no defensible place to draw a line between who should be exempt and who should not.
- Exempting municipal workers is arbitrary and unfair to other workers who would see higher tolls as a result of the decision. For example, retail workers, nurses, orderlies, restaurant workers, janitorial staff, and many others across the Central Business District would still pay the toll.
- Exempting municipal workers could require a new environmental review process and would not deliver the promised congestion and pollution reduction goals.
- With traffic reductions due to congestion pricing, and a municipal employee exemption, City workers who use transit today may be induced to switch to driving.
- The majority of municipal workers—75%—commute to jobs in the zone by transit. Investing in transit is the best way to support them and other New Yorkers.
- The congestion pricing pause is hurting transit riders by delaying meaningful investments to the transit system. Since the pause started in June, \$330 million has been foregone.

“Governor Hochul’s unlawful pause of Congestion Pricing has been nothing short of devastating for the MTA and the region’s transit riders,” said **Lisa Daglian, Executive Director, PCAC**.

“Suggesting exemptions for municipal workers is piling on the irresponsibility – it would cost all other drivers more and run counter to the goals of the program: improving air quality, reducing congestion and raising funds for vital transit infrastructure investments. Our analysis shows that the Governor’s proposal would actually hurt the little guy she’s purporting to help. It’s high time for Governor Hochul to obey the law and un-pause the pause to let Congestion Pricing move forward. Millions of riders and the economic viability of our entire region depend on it.”

“While the city awaits details on Gov. Hochul’s plans for the Congestion Pricing tolling program, our analysis shows that the proposal to exempt municipal employees aids workers who make double the city’s median income, significantly increase tolls on others, and may induce more drivers in the Congestion Relief Zone, not less,” said **Rachel Weinberger, Director of Research Strategy and Peter W. Herman Chair for Transportation at Regional Plan Association (RPA)**. “It would also deprive our transit system of \$140 million in necessary annual revenue, translating to over \$2B in lost capital spending. A lose-lose in our view. Gov. Hochul should remove any obstacle and allow the MTA to move ahead with the program

immediately and consistent with the plan approved by FHWA in the environmental review process.”

Even if municipal workers could be exempted without a lengthy renewed federal review/environmental assessment process, the burden on other drivers to reach the required revenue target would be prohibitive, at the same time that other critical components would be lost. While the most appropriate step would be to allow the program to move forward as is, if the Governor wants to support the municipal workforce she should look at a more cost-effective and transit-oriented approach of providing them with free or reduced-cost OMNY cards and/or commuter rail passes, so they can simultaneously help reduce traffic, support the MTA’s operating budget, and help the state reach its ambitious climate goals. If the goal is to help lower income New Yorkers, then the best way to do it is via transit investment. Unpausing the pause will then allow the program to proceed and an even greater majority of New Yorkers to benefit.

With the stated purpose of improving air quality, reducing congestion and raising money for critical transit infrastructure, there is no upside in exempting municipal workers.

The \$15 billion and growing deficit in the FY 2020-24 program created by the pause comes as the MTA tries to build support for its \$68.4 billion FY 2025-2029 Capital Plan, which was released in September. However, instead of starting the fiscal discussions from a balanced position, legislators and the MTA are facing significant pressure to identify funding 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.

The cuts and delays to the MTA’s FY20-24 Capital Plan include 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.

### **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.

### **About RPA:**

[Regional Plan Association](#) (RPA) is an independent non-profit organization that conducts research, planning and advocacy to expand economic opportunity, environmental resiliency, improved health, and better quality of life in the New York metropolitan area. Since the 1920s, RPA has produced four landmark plans for the region. The most recent was released in November 2017. For more information, please visit [www.rpa.org](http://www.rpa.org).

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