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**MTA FINANCIAL PLAN AND STORM
SANDY**

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Today, the MTA issued its four-year financial plan for 2013 to 2016. The agency already faced major financial challenges before Sandy hit. These have greatly increased in the devastating wake of the storm.

The Straphangers Campaign shares the view expressed by MTA Chairman Joseph Lhota that - under any financial plan - new aid from Albany will be needed in the coming years. We also appreciate that the MTA is not planning any service cuts in 2013 – and is sticking to its pledge to add or restore \$29 million in subway and bus service. And the agency deserves credit for proposing new cost cutting measures.

The Straphangers Campaign has two major concerns about the MTA four-year financial plan.

First, it assumes another fare increase of 7.5 percent, continuing a trend of fare hikes every two years. These increases are greater than the rate of inflation. We think these biennial fare hikes have led to the riding public paying more than its fare share.

Second, the four-year plan "will require external borrowing, increasing annual debt service." The MTA estimates it has \$4.75 billion in infrastructure damage. Most will be paid for by the federal government and insurance, but some "\$950 million of infrastructure damage may need to be covered by the MTA."

Funding these needs by MTA bonds will increase pressure on fares through increased debt service - and it sets a troubling precedent for the funding of the next five-year capital program starting in 2015. The agency already spends \$2 billion of its \$13 billion operating budget on the \$31 billion in bonds it has issued. Debt service is projected to go up to \$3 billion in future years.

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