



# PCAC

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## Joint Legislative Public Budget Hearing on Transportation Testimony by Lisa Daglian, Executive Director, PCAC Tuesday, January 26, 2021

Good afternoon, my name is Lisa Daglian and I am the Executive Director of the Permanent Citizens Advisory Committee to the MTA, PCAC. Created by the State legislature, our mission is to advise the MTA on behalf of subway, bus, and Long Island Rail Road and Metro-North users and advocate on their behalf in the formulation and implementation of MTA policy, and to hold the MTA Board and MTA management accountable to riders. Thank you for holding this hearing today and allowing us to weigh in on funding and legislation for the region's critical transit system.

Clearly, 2020 was a year like no other and the MTA's fiscal resources have been devastated by the COVID-19 pandemic. Ridership continues to be depressed, and fare box revenue is directly affected. Even with the promise of expanded vaccinations, the work-from-home dynamic and an overarching fear of contracting the virus continue to change ridership patterns. Last week, we released a white paper entitled [\*How the MTA can transition into the New Normal: Getting riders back on-board\*](#), that includes our recommendations on measures the MTA should take to increase rider confidence. The ultimate goal is to encourage riders to return to subways, buses and commuter rail by making them feel safe and comfortable while riding. That will take time and money: it will take years to get back to the record ridership we had; and an additional infusion of federal funding is essential to the MTA's fiscal well-being.

We are heartened by the responsiveness the new Administration has shown to the MTA's needs and are hopeful that additional financial support will come to the region soon to aid in our recovery – including allowing the agency to move ahead with congestion pricing.

Congestion pricing, as you know, is integral to funding the MTA's FY20-24 capital program, which is currently on pause. That pause is hurting the agency, riders and the regional economy and it's essential for our recovery that it resume. Lack of funding is the crux of the problem. We reluctantly supported unlocking of the lockbox to allow internet sales and mansion tax revenue that was dedicated for the capital program to be used for operating the system – but it's time to relock the box and restore all of those funds. The provision that allowed such a use must be allowed to sunset. The lines that blurred between capital and operating budgets must be redrawn, firmly.

All revenue that's dedicated to the MTA needs to be moved off-budget so that it needn't go through the regular budgetary process and is available to the MTA as needed. We also need a

full accounting of the state's withholdings from the MTA and what happened to the \$1 billion in state operating support for the MTA that was seemingly was erased from the books. Will the MTA get that money back? Where did it go? That's a lot of money to have cuts from the books. On the capital side, congestion pricing revenue won't come to the MTA any time soon, but the program needs to be restarted ASAP. Restoring the lockbox funds will help move projects forward, but we also urge that the \$3 billion that is included in the budget for capital work be moved to the front of the line and that the city funding be similarly prioritized so that projects – and the economy – can get moving.

There are several provisions in the budget relating to the capital program about which we have comments:

**Procurement:** The proposed changes to the procurement process are extensive and we believe that rather than including them in a budget bill there should be a more detailed discussion about the pros and cons. For example, the proposal would permit the MTA and New York City Transit to use existing contracts awarded by states, municipalities, and the federal government. On the “pro” side, that opens up the availability to additional markets and manufacturers. On the “con” side, the regs would change the New York preference. While it has been at times limiting, it also increases options and opportunity for New York State – it's good for the state as a whole, and for upstate in particular, and that's good for the MTA – as we demonstrated in getting broad-based support for COVID relief. The bottom line is that there is a lot to unpack here and we agree with our colleagues from Reinvent Albany that the legislature should hold hearings on this critical issue rather than having it embedded in the budget.

**Utility Relocation:** We're concerned that requiring that public utility companies, as well as the City of New York, relocate their pipes, mains, conduits and other infrastructure could add another layer of bureaucracy and potentially cause project delays – the opposite of its intent. We understand that it's being done to reduce costs to the MTA, which we support, but the downside is losing control over those aspects of the project. We can't afford to lose more time.

**MTA Subway Accessibility:** Increasing and improving accessibility to the system is incredibly important and we've been pleased to see projects moving ahead, albeit at a slower pace, despite the overall pause. However, we'd like to see the MTA and City work together to expand and improve access to the transit system as they are in the Zoning for Transit Accessibility in New York City program, rather than dismissing the city's role and rights.

On the operating side, it's clear that the time has come for new dedicated operating revenue streams. To us, raising the gas tax is an obvious choice. It's been 8 cents a gallon since 2006 – and so much has changed since then. We've gone through the Great Recession and are in the midst of the COVID-19 pandemic. We're more conscious of climate change and our fragile environment, and this is one way to help move New York towards reducing emissions and driving. Tripling the gas tax to 24 cents could yield hundreds of million dollars for the MTA and would also benefit upstate transit systems – including with improved AMTRAK service – and roads and bridges. Another option could be to increase the percentage of the gas tax and

Petroleum Business Tax that the MTA gets; currently it's 19 percent and 37 percent respectively. A paradigm shift to support transit should result in a more equitable split between funding roads and bridges and more sustainable transportation in the form of subways, buses and commuter rail. Yet another possibility is a 10% COVID Recovery Fee on the Petroleum Business Tax for the 12 county MTA region, with a sunset provision, to help the MTA make up some of its deficits. We are happy to work with you and your staffs on more specific proposals.

We would like to see a portion of sports betting revenue dedicated to the MTA for operations. Think of it as the farebox revenue that would have been captured by people riding other systems to go to states where it's been permitted, namely New Jersey.

Other aspects:

**Overnight Subway Service:** The restoration of overnight subway service is critical to reopening the city and region and supporting the essential workers traveling now, and visitors we look forward to attracting back. To that end, we continue to call for publicly available metrics and milestones for reopening overnight subway service and/or adjusting the cleaning regimen in order to condense but otherwise maintain the same level of cleanliness.

**MTA Worker Assault and Harassment:** We fully support the addition of transit employee titles to the Penal Law to increase MTA employee safety.

**Tax Credit:** We would support including transit worker and MTA titles in the proposed tax credit to support businesses in rehiring workers that were displaced by the COVID-19 pandemic and expand it to allow for backfilling key positions from the ranks of the many unemployed, whether they had previously worked at the authority or not, and having the credits pay for a portion of their salaries and benefits.

**Mental Hygiene:** As savings and cuts are explored, we ask that you and your colleagues be particularly mindful that there needs to be appropriate levels of care to ensure adequate services are available for the unsheltered who inhabit the subway system as the MTA and state develop a plan to reopen overnight service.

**Pandemic Expenses/FEMA Reimbursement:** The retraction of the odious anarchist jurisdiction label for New York City is significant funding-wise. That it was used politically to harm New York City and that the MTA and state are still reeling from the steep costs of fighting the pandemic make it all the more important to work with Congress and the Administration as they develop new transportation authorization to ensure there is additional and flexible formula funding for transit for the next emergency.

We appreciate the ongoing and outstanding efforts of Governor Cuomo and Senate Majority Leader Schumer – and all of you – to ensure that stimulus money came to the MTA, helping stave off fare hikes, service cuts and layoffs, and pledge to continuing to work with you to get what the MTA and state and municipalities are due. We look forward to restarting the economy and getting on with life. Live entertainment, indoor dining and the increase in tourism they

bring will all help our recovery and a clean and safe transit system, with 24/7 service, is an integral part of what will help us get there.

Thank you for considering our comments as you begin discussion of transportation funding for the millions of riders who continue to count on the MTA, and we look forward to working with you to help move us all into the next normal. I look forward to any questions you may have.