

Statement of
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At the Joint Hearing of the

Senate Standing Committee on Finance
&
Assembly Standing Committee on Ways and Means

Concerning the SFY 2023-24 Executive Budget Proposal
Relating to Transportation

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11:30 AM

Thank you, Chairwoman Weinstein and Chairwoman Krueger, for your support of public transportation and for giving the New York Public Transit Association (NYPTA) the opportunity to testify today. And thank you Chairmen Kennedy, Comrie, Magnarelli, and Zebrowski for your leadership on transit issues. We appreciate all the members here today, and in your houses, who continue to support public transit.

My name is Bill Carpenter; I am with the Rochester-Genesee Regional Transportation Authority and President of the NYPTA. Earlier you heard from our largest member, the MTA. Addressing their financial needs is critical to the state economy and we fully support their priorities. My testimony will focus on the issues and needs of transit systems in upstate New York and in the downstate suburbs.

Since the COVID-19 pandemic began three years ago, the importance of good public transportation services has been spotlighted and reinforced. People needed mobility and access when many other support systems were being curtailed. Our services became a critical part of the efforts to keep people and the economy moving, which has always been our primary mission.

As we emerge from the pandemic, customers are returning and communities throughout the state are demanding more and better transit service as well as new mobility options. They want ways to travel other than by driving and want easier access to our transit services.

Meeting State Climate Change Goals – Expanding Transit Service and Mobility

Public transportation has been a cornerstone of New York’s environmental and energy goals for generations by delivering sustainable transportation services and providing affordable mobility alternatives. Public transit service is climate friendly - reducing the vehicle miles of travel from single occupancy vehicles and deploying cleaner energy solutions as they have become available. New York State has the lowest energy use per capita in the nation due to its robust public transit system.

The recently approved Climate Action Scoping Plan’s Vision for 2030 states that New York can achieve its climate goals through “... historic investments in expanded public transportation and micro-mobility, enhanced bicycle and pedestrian infrastructure, smart growth development ...” (emphasis added). The Scoping Plan recommends the expansion of transit service and mobility options including policies and strategies that would increase the availability, accessibility, reliability, and affordability of public transit services across the state.

NYPTA members believe that these strategies to expand public transportation and mobility are the way of the future and we are already planning for improvements. Transit systems are reimagining their services, redesigning bus networks, and installing technology to make transit easier to use. We know that increases in frequencies, route extensions, and greater spans of service to match alternative work patterns will serve those who need to travel and grow ridership. On-demand service and micro-mobility options will service less dense areas and improve connections to transit. Increased resources can accelerate implementation and gain the many mobility, environmental and social benefits sooner.

NYPTA members are already moving to zero-emission vehicles as the vehicle technology, available funding and local conditions allow. We support the Plan’s approach of collaboration with the transit industry (and others) to implement the Plan’s recommendations and the use of incentives to help transit systems transition to zero-emission vehicles (ZEV). Unfunded mandates with unrealistic deadlines will lead to missed opportunity. Collaboration, sufficient funding, and incentives are the key to the successful implementation of the transit recommendations in the Plan. Sufficient and sustainable resources need to be

identified and available to support both the provision of enhanced public transit services and the infrastructure investment required to support the state's climate goals.

Fiscal Situation Facing Public Transit – The Need for Dedicated, Sustainable Revenues

All upstate and downstate transit systems are facing dual problems of structural operating deficits and rising capital investment needs. While structural deficits have persisted throughout the years, this is exacerbated by the slow return of transit revenues to pre-pandemic levels, the current state of the economy experiencing rising inflation and wage increases, and the lack of growth in existing dedicated revenues for transit, especially upstate. Greater demands from communities across the state for more equitable, safe, dependable, convenient, and friendly transit services place further strain on operating budgets.

These structural operating deficits impact all transit systems, will grow in the future, and threaten transit services throughout the state if not addressed soon. A solution that addresses all transit systems is needed, to ensure reliable and affordable service for all communities.

State funding for upstate transit systems has been constrained by the lack of growth in dedicated revenues and a reliance on state general funds. In FY 2022-23, 35% of upstate transit funding was from general funds and only 65% from dedicated funds, while downstate systems received 99% of state aid from dedicated funds. The upstate general fund share rises to 40% in the Executive Budget. Constrained funding impedes the ability of upstate systems to increase service and provide mobility options that provide economic opportunities to all citizens.

The state can begin to address these operating deficits in 2023 by increasing state dedicated revenues to transit for not only the MTA, but all transit systems in upstate and downstate New York. Early action will reduce future deficits, make them more manageable, and allow transit systems to plan the expanded services their communities demand. Dedicated, sustainable revenue for operations will also allow important capital funds to remain where they are needed to address infrastructure and support the transition to zero-emission vehicles.

Transit Operating Assistance (STOA)

Our transit agencies, employees and customers thank Governor Hochul for recognizing the importance of public transportation in her FY 2023-24 executive budget. State operating assistance to the MTA will grow by 25%, operating aid to other downstate transit systems will grow by 8.5% and to upstate transit aid will grow by 7.1%. Importantly, the Executive budget proposes new dedicated revenues for the MTA that will provide an additional \$1.3 billion in 2023-24.

NYPTA strongly supports the Governor's commitment to provide new dedicated revenues to the MTA to put their finances on a sound footing. We urge the same commitment to provide new dedicated, sustainable revenues be made to transit customers in upstate urban and rural communities. Upstate communities need and deserve stronger state investment in transit service so that our residents have the same opportunities for mobility, access, and economic growth.

Options for Increasing Dedicated Revenues to Upstate Transit

Fixing the upstate transit funding problem will require new, growing dedicated revenues to replace or supplement the current underperforming dedicated sources. A robust package is needed that can address transit funding needs into the future and not just provide short term fixes to avoid revisiting funding shortfalls annually.

Examples of revenue sources that could be dedicated to upstate transit include:

- Dedicating one or more statewide revenue sources such as the state sales tax or corporate tax surcharge.
- Dedicating a portion of revenues from sports betting fees.
- Extending existing MTA revenue sources to upstate, such as the MTA regional special motor vehicle fee, similar to how the downstate auto rental fee was extended upstate in 2019.

The goal should be to dedicate one or more revenue streams that are adequate, growing, and sustainable to fund transit service into the future.

Capital Needs

Transit systems are under pressure to meet their infrastructure needs and accelerate the transition to zero emission vehicles to meet state mandates and climate change goals. This transition to more costly technology requires greater capital investment in vehicles and facilities. Systems can no longer afford to continue to divert federal capital funds to transit operations and be expected to maintain existing assets and achieve these climate goals.

NYPTA has documented the need for \$2.5 billion in infrastructure investments over 5 years for Non-MTA transit, but only \$1.1 billion in available resources, including the new federal funding from the infrastructure act, leaving an unfunded gap of \$1.4 billion. The capital needs include over \$700 million over this period for zero emission vehicles and facilities. Without adequate multi-year funding, infrastructure conditions will worsen, the backlog of unmet needs will grow, and climate goals will not be met.

NYPTA thanks the Governor and Legislature for implementing a 5-year capital plan in 2022 with increased resources to fund Non-MTA transit. We appreciate that the executive budget continues the \$159.5 million capital funding for Non-MTA systems in FY 2023-24. Investment in transit capital provides economic stimulus and jobs.

Rural Transit Assistance

In 2013, the state changed its transportation policy for non-emergency medical transportation (NEMT) resulting in the significant loss of riders and revenue to many small city and rural transit systems that continues today. To offset some of this financial impact, the Department of Health has provided \$4 million annually to the affected transit systems to preserve service.

NYPTA recommends continuing the \$4 million in state aid from the DOH budget to small urban and rural transit systems still being impacted by the state's Medicaid transportation policy.

Summary of FY 2023-24 State Budget Recommendations

Transit systems across the state face similar financial challenges as the MTA including the loss of revenue, impact of inflation, rising capital needs from the costly transition to zero emission vehicles, and customer demands for greater service frequencies and new mobility options. Upstate systems face a further hurdle in being reliant on state general funds. All systems need and deserve dedicated, sustainable revenues to plan and provide the essential services their communities require and to afford the state's initiatives for climate change, affordable housing and economic growth. We need to build on the Governor's actions that address the MTA's finances and provide dedicated revenues to benefit all the state's transit systems.

NYPTA Recommendations:

- Support Executive Budget STOA increases and new dedicated revenues for the MTA.
- Enact dedicated, sustainable revenues for upstate and suburban downstate transit systems to increase STOA appropriations above the Executive Budget levels.
- Support Executive Budget On-Demand Pilot Program
- Fully fund the 2nd year of the Non-MTA 5-Year Transit Capital Program at \$159.5 million.
- Continue the \$4 million in DOH funding to rural transit impacted by the state's Medicaid transportation changes.
- Continue the STOA program hold-harmless provision to avoid reductions in operating aid to smaller transit systems as ridership has not returned to pre-pandemic levels.

Greater State investment in the FY 2023-24 budget to expand transit service and micro-mobility not only supports achievement of climate goals, but also other state goals for economic development, affordable housing, downtown revitalization, social equity, and access to health care and education.

The MTA is NYPTA's largest member, and we strongly support the Executive Budget's proposed funding for MTA and just as importantly, the new dedicated revenues. But why would the state only address the financial challenges of its largest transit system when all smaller ones across the state face similar circumstances. **Finding sufficient dedicated funding to address the transit needs in the rest of the state takes only a little more lifting beyond what's needed for the MTA.**

We urge you to take this opportunity to solve a statewide funding problem and provide new dedicated, sustainable revenues to transit systems in all upstate and downstate communities in the final state budget.

Thank you.