

Statement of
James Morrell
Director of Public Transportation
Niagara Frontier Transportation Authority (NFTA)
President, New York Public Transit Association
(NYPTA)

At the Joint Hearing of the

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

Concerning the SFY 2025-26 Executive Budget Proposal
Relating to Transportation

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9:30 AM

Thank you, Chairman Pretlow, 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 Cooney, Comrie, Magnarelli, and Braunstein for your leadership on transit issues. We appreciate the members in the Senate and Assembly, who support public transit.

My name is James Morrell; I am the Director of Public Transportation for the Niagara Frontier Transportation Authority (NFTA) and President of NYPTA. Earlier you heard from our largest member, the MTA. Addressing their financial needs is critical to the state economy and we support their priorities. My testimony will focus on the needs of transit systems in upstate New York and in the downstate suburbs.

NYPTA represents more than 100 transit systems across New York State, from the MTA to Citibus in Watertown, as well as manufacturers and suppliers that employ thousands of New Yorkers.

Securing Transit's Future Now

Transportation systems in New York are the best in the nation. They connect people and communities, supporting economic development throughout the state. New Yorkers use transit services to connect to jobs, to healthcare and to education. The MTA in New York City is one of the largest in the world; it is unquestionably the lifeblood and the pulse of the metropolitan region, and it requires increased investment.

Transit in New York State is more than the MTA. New York's upstate and suburban downstate systems (non-MTA) collectively represent the 7th largest transit system in the United States. These organizations serve regions with a total population of more than 11 million people. The success of these systems is vital for continued development and growth in their communities. High quality transportation is also a critical tool in achieving the State's energy, climate change, affordable housing, and social equity goals.

Over the past several years, non-MTA systems have focused their efforts on innovative programs and services to improve mobility for customers. Members of NYPTA are investing in improved services, better infrastructure, and strong partnerships that connect New York. This work has resulted in increased ridership and a demand for more service, new mobility options and better connections. This *Build it and They Will Ride* mentality has created a new energy throughout the state as more New Yorkers rely on transit.

Now, transit systems must respond by enhancing services and providing deeper connections throughout communities. This includes resources to compete for and retain quality employees. They must also address critical infrastructure needs, replacing outdated facilities and preparing to accommodate zero-emission fleets.

Providing transportation connections that communities need requires significant investment. The MTA provides their region with quality service and frequencies due to high levels of state operating aid. They are living proof that investing in transit drives ridership, the economy and the community. Increasing state aid to non-MTA systems will result in more transit service to more residents who need it. This will increase ridership and spur economic development throughout the state. These investments are needed now to capitalize on the success of NYPTA systems and the work they are doing.

Transit Operating Assistance Proposed in Executive Budget

Transit agencies, their employees and customers thank Governor Hochul for recognizing the importance of public transportation in her FY 2025-26 Executive Budget. State operating aid to downstate systems will grow by 7% and upstate transit aid will grow by 3.4%. But more investment is needed to:

- Expand mobility choices that communities are demanding.

- Support greater personal mobility for individuals of all ages and abilities.
- Fund growing expenses to operate reliable transit service.
- Cover the rising costs of providing paratransit service.
- Offset the loss of federal Covid relief funds.

Investments to Grow Transit Connections – 15% Per Year

Transit agencies across the state are investing their resources to improve service; this has resulted in increased ridership and a demand for more service, new mobility options and better connections. NYPTA members must respond by enhancing services throughout our communities. This will require a stronger state investment in transit operations that will produce the following improvements:

- Improve frequency to reduce wait times and improve reliability. In most areas outside the New York City Metropolitan area, services are at frequencies of 30 minutes or more. This is unacceptable, especially during winter months.
- Extend the span of services to start earlier and end later in the day to cover work shifts and changing commute times. Expansion is also required on weekends to keep pace with job growth in health care, retail, and sales.
- Expand geographic coverage to reach work locations outside the urban core.
- Add new mobility options like on-demand service, bike sharing and partnerships with ride share companies. This will improve first-mile/last-mile connections to existing routes.
- Expand service to rural and member communities that need dependable transportation (for example, Glens Falls, Cortland, and Amsterdam).

More state investment is needed to develop the workforce necessary to deliver and maintain transit fleets, and facilities, including wage rates that allow NYPTA members to compete for and retain qualified employees. Rising wage rates for hourly workers have slowed the hiring of transit workers across the state. Our systems need to increase wage and benefit packages to compete with other employers for qualified employees. NYPTA members need to make significant investments in workforce development, skill training and professional development, and they are looking at innovative ways to do this. These investments will allow systems to adapt to zero based emissions technology, real time scheduling, vehicle software platforms, and the social media landscape that drives customer service and brand identity.

At the same time, the cost to provide transit services continues to grow as wage rates and benefit costs rise. Personnel costs make up 70% of operating budgets and are growing at 3-4% annually to cover labor settlements and inflation. As the largest revenue source for transit operations in New York State, increases in state operating assistance are needed to fund this operating component.

Increased state investment will position NYPTA systems in their efforts to support economic growth across the State and help achieve the state’s energy and climate change goals. This investment will grow ridership, and result in a more mobile New York. NYPTA members have provided specific examples of service expansions that are needed across the state.

A 30% increase (\$290 million) in state operating assistance for non-MTA systems over the next two years will allow upstate and downstate members to maintain and expand the services that their customers and communities need and deserve.

NYPTA Recommendation: Increase STOA to Non-MTA Transit by 15% in FY 2025-26.

Capital Needs

The capital needs of NYPTA systems are critical for growth and the provision of more transit service across the state. This infrastructure includes vehicles, maintenance and administrative facilities, customer service centers and mobility hubs. It also includes the transition to zero-emission vehicles, which are more costly and require expensive charging equipment and related upgrades. The State provided \$140 million in capital aid to non-MTA systems in FY 2024-25, and an additional \$26 million for NFTA rail infrastructure.

NYPTA estimates that \$1 billion in investments for new and upgraded transit facilities is needed over the next five years (2025-2029) for non-MTA systems as they work to introduce new mobility options and continue transitioning to zero-emission technology to support the state's zero-emission goals. These facility needs are above and beyond the cost to replace transit vehicles.

Providing resources to fund the MTA's \$68.4 billion 2025-2029 capital program gap will require \$33 billion in new revenues. **Closing this gap presents an opportunity to address the capital funding needs of non-MTA systems at the same time by including \$1 billion for non-MTA in any funding solution for the MTA.** This investment will encourage the development of transit networks throughout New York State. Addressing these two capital needs at the same time provides a unique opportunity to develop, promote and fund the transportation needs of New Yorkers from Manhattan to Buffalo.

NYPTA thanks Governor Hochul for including a significant increase in non-MTA capital funding in the Executive Budget and recommends building on this historic investment by providing additional capital resources to non-MTA as part of action to fund the MTA 2025-29 Capital Plan.

NYPTA Recommendation:

- **Enact the Executive Budget's proposed \$219.5 million capital funding for non-MTA systems.**
- **Restore the \$26 million annual appropriation for NFTA rail infrastructure as the second installment of a 5-year \$130 million program.**
- **Adopt a statewide approach to funding public transportation needs including increasing capital support for non-MTA transit systems by \$1.0 billion over five years.**

Rural Transit Assistance

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

NYPTA Recommendation: Increase the \$4 million in state aid from the DOH budget for small urban and rural transit systems to \$6 million to account for inflation since this funding was initiated.

Upstate Transit Deserves Dedicated Funding

Transit systems across the state face financial challenges including the impact of inflation, rising capital needs from the transition to zero emission vehicles, and customer demands for better service and new mobility options. Upstate systems face a further hurdle in being reliant on state general funds, which comprise 50% of upstate transit aid in the Executive Budget.

All systems need dedicated, sustainable revenues to provide essential services their communities need and to support the state’s initiatives for climate change, affordable housing and economic growth. Fixing the upstate transit funding problem will require new, growing dedicated revenues to replace or supplement the current underperforming dedicated sources. A new package is needed to address transit funding into the future and avoid short-term fixes.

NYPTA Recommendation: The state should build on actions that addressed MTA’s operating budget and provide dedicated revenues that benefit all transit systems in New York State. As a first step, a state commission should immediately be established to address limited dedicated revenue sources that fund non-MTA transit systems and report its results and recommendations by December 1, 2025.

Summary of FY 2025-26 State Budget Recommendations

- **Increase STOA by 15% in 2025-26 to support transit service growth for non-MTA systems.**
- **Enact the Executive Budget’s proposed \$219.5 million in capital funding for non-MTA transit.**
- **Restore the \$26 million annual capital appropriation for NFTA rail infrastructure.**
- **Adopt a statewide approach to funding public transportation needs including increasing capital support for non-MTA transit systems by \$1.0 billion over five years.**
- **Increase the traditional \$4 million from DOH for rural transit systems impacted by the state’s Medicaid transportation changes to \$6 million to adjust for inflation.**
- **Establish a state commission to address the limited dedicated revenue sources that fund non-MTA transit systems and report recommendations by December 1, 2025.**
- **Continue NYSDOT’s STOA hold-harmless provision to avoid reductions in operating aid to small transit systems whose ridership has not returned to pre-pandemic levels.**

Increasing State investment in the FY 2025-26 budget to expand transit services supports the state’s goals for climate, economic development, affordable housing, downtown revitalization, social equity, and access to health care and education. We urge you to provide increased resources to transit systems in all upstate and downstate communities in the final state budget.

Thank you.