



# Regional Plan Association

... a research and planning agency supported by voluntary membership to promote the coordinated development of the New York-New Jersey-Connecticut Metropolitan Region.

235 East 45th Street

New York, New York 10017

(212) 682-7750

## NEWS RELEASE

No. 1382  
June 2, 1980

For further information:

William B. Shore  
(212) 682-7750 (office)  
(914) 631-0053 (home)

FOR IMMEDIATE RELEASE

REGIONAL PLAN ASKS LONG-TERM FINANCING FORMULA FOR MTA; SUGGESTS BALANCING FARE HIKE WITH VARIETY OF MOTORIST FEES NOW

Regional Plan Association told the Metropolitan Transportation Authority hearing on fare hike proposals today that a long-term financial formula with a fixed share from fares and an inflation-proof source of subsidy should be developed as soon as the immediate fund crisis is resolved.

John P. Keith, President of the Association, said in testimony scheduled for delivery this morning, that the Board of MTA and the Legislature have to work out a political formula right now for filling the \$600 million gap between what is now provided in fare receipts and subsidies and what will be needed, on the average, over the next few years, including an extra \$50 million a year to improve service. That formula, he said, should mix a fare hike with a variety of motorist fees and taxes, including increases in license fees, car registration fees, Manhattan parking taxes, and gasoline taxes.

Dr. Keith's testimony is attached.

Regional Plan Association is a half-century-old civic research and action organization.

# Regional Plan Association

235 East 45th Street • New York, New York 10017 • Telephone: (212) 682-7750

Statement of  
John P. Keith, President  
Regional Plan Association

At the Hearing on Raising of Fares on  
Metropolitan Transportation Authority Facilities

June 2, 1980  
The Biltmore Hotel  
New York City

My name is John P. Keith. I am President of Regional Plan Association, for whom I make this statement. I have six points.

1. The Region's Economy

Underlying any consideration of commuter rail, subway and bus service in the New York State sector of the tri-state urban Region must be a rationale for its continuance and improvement.

Regional Plan has established the scale of the tri-state regional economy at \$172.3 billion, or 11.3 percent of the Gross National Product for the year 1975. That compares with our share of the nation's population--9.2 percent, and with the nation's jobs--9.4 percent. So, we as a Region are a highly productive portion of the national economy.

Despite the continuing decentralization of its economy since World War II, the Region remains highly centrally-oriented. Forty-three percent of the jobs and 47 percent of the output take place in less than 3 percent of the Region's land area--New York City. Consequently, \$11 billion, or one quarter of all wages earned in the City, were carried home to the suburbs by 600,000 commuters--\$7 billion to the MTA suburbs.

New York City is the linchpin of the regional economy; and the Region, in turn, sent \$34.7 billion in taxes to the federal government, fully one fourth of which--\$8.7 billion--did not find its way back.

Furthermore, nearly half the \$20.4 billion available for business and personal investment from savings in 1975 was invested outside the Region, or over \$9 billion. In that one year, then, this Region made available to the nation for national and international use some \$18 billion in taxes and savings, probably half of that from the MTA sector.

The recent LIRR and transit strikes underscore more starkly than any recitation of rider numbers how absolutely dependent on MTA service is the commerce of this Region. It seems obvious from all of this that the commuter rail, subway and bus lines that support the economy of New York City and its environs are vitally important to the suburbs and the City alike, to the State and nation, too.

## 2. Fare Formula

Now, how does all this translate itself into an answer to the prime question you have posed for this hearing, i.e., by what percentage between 10 and 50 should commuter rail, subway and bus passenger fares be raised? It suggests that all the parties at interest have a stake in the MTA system: the nation, the State, the City and the passenger, all on behalf of their respective economies.

It seems to us that it would be possible to set a financing formula that would derive a reasonable share of public transportation costs from the fare and from the other interested sources in the form of subsidy, making the formula inflation-responsive.

We have urged this course on the State and City of New York now since 1974. Once again, however, this Region is scuttling about trying desperately to cover a gap between income from public transportation fares and rising costs of service. This is not a time to carp, but I do implore that the MTA turn to the longer-term issue of an equitable transportation-finance formula once this immediate crisis is settled.

## 3. Improve Service

Half of the foreign business in the United States is headquartered in the New York Region. Three percent of the Region's productivity is derived from this foreign business--and growing fast. How can the State and City of New York expect to capitalize on this international leadership position with its public transportation in a state of near-collapse?

All past indicators point to service quality as a more important stimulus to transit riding than fare levels. That is, if service deteriorates through cost cuts, ridership drops twice as fast as it would were fares raised to maintain the level of service. Yet MTA practice, induced by the helter-skelter approach to filling cost/income gaps, has been to cut service frequency and quality. We fear that the Region faces yet another round of the same.

Instead, we should now establish firmly a policy of ending deferred maintenance and begin improving service on all modes--cleanliness, dependability, comfort, safety, then speed. All these priorities come ahead of price to most riders, in our experience.

#### 4. Size of Deficit

Answering the last MTA call for consideration of an increase in river-crossing tolls--an action since taken--Regional Plan responded to a prospective deficit of \$200 million with suggestions for a package of subsidies to raise \$250 million. In our judgment, that would have allowed for a beginning in improving service, an action which is immediately necessary.

Within weeks Governor Carey put forth a program to raise \$331 million for MTA operations, saying that the MTA had not taken into account labor settlements already arrived at, but not in effect, and return payments owed the State. Since then the gap has been massively enlarged by the several labor settlements of recent weeks. As we now see the figures, MTA's fund gap averages about \$600 million a year over the next couple of years, including at least \$50 million a year for service improvements and ending deferred maintenance.

#### 5. Fare and Subsidy Levels

MTA says that a 10 percent fare rise on the whole MTA system would bring in about \$75 million; a 50 percent rise about \$325 million. Lacking any equitable funding formula, fares must be set by political judgment of what the traffic will bear and be least damaging to the economy and the ridership. Without answering these political questions--that is, without setting a point along your 10 percent to 50 percent

fare-rise range, we strongly recommend that whatever is not met by fares in the \$600 million gap come from a variety of motorist charges. This is even more of a political balancing act.

We would also remind, as does your Environmental Impact Statement, that a 50 percent increase in fares is likely to cause a 6 percent drop in riders on the subway system, negating most of the 8 percent gain of the past two years. The bus system is even more sensitive for fare escalation, and the commuter rail lines much less so.

Federal contribution. Our recommendation does not overlook the need to press for enlargement of the federal contribution to public transportation for this Region. As we said in our January 16 testimony:

. . . the federal contribution to the MTA is less than half that which is provided on the average elsewhere in the nation. Therefore, this Region must keep its pressure on Congress to give much more weight in the federal operating subsidy formula to actual passenger use of transit, and less to urbanized area population or the physical extent of the transit system.

As has been reported in the press from Congress and the comment of MTA Chairman Ravitch, there is no likelihood that any substantial assistance will be derived from federal sources in time to assist with the present crisis, though modest progress is being made toward converting the federal funding formula in this Region's favor.

Motorist rationale. The added public funds should come primarily from the motorist for these three reasons:

a. The motorist depends almost as much on public transit as the riders do. Keeping as many people as possible on public transit is the motorist's best tactic to keep roads passable. There is little chance for expanding highway capacity in the Region to handle any significant growth in auto use. Raising motorist charges simultaneously with fare rises would dampen any switch from public transportation to the auto.

b. The gasoline saved by increasing, or at least holding, the number of public transportation riders is the gasoline needed by the motorist. Most people now agree that unnecessary driving should be discouraged. In part, that can be done by attracting as many commuters as possible to existing public transit.

c. The motorist is paying for a transit reserve. The very apparent escalation of passengers on the Conrail and LIRR roads indicate that only a modest surge in public transit ridership would overwhelm these systems. Reviving and adding to the MTA network is in the interest of present and future riders.

Motorist sources. In our January 16 testimony, Regional Plan proposed a package of funding increments to meet the then-evident \$200 million MTA funding shortfall.

We suggested that statewide drivers' license fees and auto license fees be higher, within a reasonable range of adjacent states and those competitive with New York State.

Beyond that, we said, emphasis should be placed on use-related automobile charges, such as an addition to the gasoline tax indexed to inflation and auto parking surcharges in the Manhattan Central Business District (below Central Park).

We also proposed a round-trip toll of \$2 across the East River--since instituted by the MTA. We said that the same toll should be placed on the free bridges. Though physical constraints prevent early accomplishment of this recommendation, we continue to urge it to allow conversion to one-way toll collection and to increase revenue.

It now is obvious with the shortfall trebled to a three-year average of some \$600 million that a combination of fare increases and motorist charges has become necessary. The amount to be assessed each source and the area of coverage, that is whether statewide or confined to the MTA district, is a matter of judgment. The State and City of New York and the MTA are obliged to strike a balance among the sources, bearing in mind the impact on the area's economy, on MTA ridership and on the motorist.

## 6. Transfers and Passes

You have asked opinion on transfers and passes. Our investigations suggest the following:

- a. There should be a uniform bus transfer policy, not as now a holdover from independently operated systems that impinges inequitably on riders.

Free transfers should be allowed between buses, but not between bus and subway. Bus trips tend to be short and bus riders of lower income than subway riders. Bus-subway rides tend to be long and from higher income neighborhoods. The double fare in that instance is a surrogate for a distance-related fare, not possible to achieve within the subway system without extensive renovation.

- b. Monthly/weekly passes likewise are feasible for buses.

This is a technical issue insofar as the subways are concerned, but we do not believe passes are possible to handle without serious evasion within the present fare-collection system. Converting to automatic collection and distance charges has very grievous physical limitations because of the existing design of the subway lobbies, especially the exits. The cost of reconstruction could be prohibitive.

Automatic fare collection on commuter rail lines is a real possibility because (1) there is room to set up the equipment and cues through it; (2) it could well reduce fare evasion resulting from the difficulty of conductor collection on standing-room-only trains; and (3) it can reduce costly manpower.

In sum

To summarize, Regional Plan urges you, when this immediate financing crisis is met to (1) establish a justifiable fixed relationship between public transit costs, fares and subsidies. (2) Set a goal of much higher quality of service than is now provided on any of your services within the MTA district. (3) For the immediate future, set the fare level in relationship to the possibility of alternative revenue sources from the motorist, to be drawn from a variety of fees and charges so no particular type of motorist is especially hurt.

We would be glad to work with MTA in these directions if we can be of help.