



## **Analysis of the SFY 2015-16 Executive Budget Funding for Public Transportation**

On January 21, 2015, Governor Andrew Cuomo released his SFY 2015-16 Executive Budget.

### **Summary**

- Total STOA appropriation of \$4.910 b., a \$42.9 m. increase from 2014-15
- STOA funding to MTA increases by \$42.9 m. to \$4.482 b.
- STOA funding to all upstate and downstate systems other than MTA is flat at 2014-15 levels
- RGRTA receives \$1.9 m. in STOA previously provided to Ontario County as part of Ontario County joining the RGRTA district. The Formula Bus appropriation is reduced by an equal amount
- \$750 m. capital appropriation for MTA's 2015-2019 Capital Program
- \$18.5 m. capital appropriation for state omnibus matching program and \$18.5 m. for 100% state share program for Non-MTA transit systems (although there is no revenue to fund the second \$18.5 m. appropriation)
- Transfers \$121.5 million from the downstate MTOA account to a new capital projects fund for MTA and other downstate transit systems
- Includes \$5 m. under New York Works for transit capital projects for transit systems other than the MTA
- Extends the STOA formula hold harmless provision for another year to assist rural transit systems that lost Medicaid riders and revenue
- Extends ability of municipalities to bond transit vehicles

### **State Transit Operating Assistance (STOA)**

The Executive Budget recommends a total of \$4.910 b. for the STOA program, an increase of \$42.9 m. (0.9%) from SFY 2014-15 levels. The entire \$42.9 m. is provided to the MTA.

All upstate and downstate transit systems appropriations are held at SFY 2014-15 levels, except for a transfer of \$1.976 m. from the Upstate Formula Bus appropriation to RGRTA to account for Ontario County joining the Authority and RGRTA providing transit service in Ontario County.

The Downstate MTOA fund continues to grow due to the growth in downstate dedicated taxes. Rather than provide this growth to increase STOA for downstate systems, the budget proposes to transfer \$121.5 m. in MTOA resources to fund capital projects for the MTA and other Downstate transit systems.

Also, another \$20 m. in downstate MTOA is transferred to replace state general funded debt service on MTA bonds, similar as the past several years.

Revenues flowing into the upstate (PTOA) account are declining, a fact raised by NYPTA for the past several years. PBT and Corporate and Utilities tax revenues that fund the Upstate Account are expected to continue to decline in the future based on DOB forecasts.

The general fund contributions to the STOA program continue at approximately past levels. Additional general funds are transferred to upstate systems to offset the reduction in upstate dedicated tax revenue. In addition, a general fund contribution of \$335 m. is provided to the MTA Mobility Account (payroll tax) to offset lost revenues from exemptions to the tax.

Following are the proposed STOA and capital project appropriations for each transit line item in the budget and a comparison to current levels.

STOA and Capital Appropriations – FYE 2016 Executive Budget vs FYE 2015 Enacted							
Line Item	FYE 2016	FYE 2015	Change	% Change	FYE 2016	FYE 2016	% Change
	STOA Executive	STOA Enacted	FYE16 – FYE15	FYE16-FYE15	Proposed Capital Funded from MTOA	Total FYE 16 STOA and Capital Funding	FYE16 -FYE15
<b>DOWNSTATE</b>							
MTA	\$3,834,265,100	\$3,788,498,900	\$45,766,200	1.21%			
MTA Rail	647,797,500	650,603,700	(2,806,200)	-0.43%			
MTA Toll Subsidy	0	0	0	-			
<i>MTA Total</i>	<i>4,482,062,600</i>	<i>4,439,102,600</i>	<i>42,960,000</i>	<i>0.97%</i>	<i>104,127,375</i>	<i>4,586,189,975</i>	<i>3.31%</i>
Rockland	3,172,700	3,172,700	0	0.00%	193,212	3,365,912	6.09%
NYC SI Ferry	30,950,500	30,950,500	0	0.00%	1,884,829	32,835,329	6.09%
Westchester	51,949,000	51,949,000	0	0.00%	3,163,599	55,112,599	6.09%
Nassau	62,831,500	62,831,500	0	0.00%	3,826,323	66,657,823	6.09%
Suffolk	24,439,100	24,439,100	0	0.00%	1,488,296	25,927,396	6.09%
NYCDOT	82,710,200	82,710,200	0	0.00%	5,036,899	87,747,099	6.09%
Formula	30,002,000	30,002,000	0	0.00%	1,827,067	31,829,067	6.09%
Supplemental	4,312,000	4,312,000	0	0.00%	0	4,312,000	0.00%
Non-MTA Total	290,367,000	290,367,000	0	0.00%	17,420,225	307,787,225	6.00%
<b>Downstate Subtotal</b>	<b>4,772,429,600</b>	<b>4,729,469,600</b>	<b>42,960,000</b>	<b>0.91%</b>	<b>121,547,600</b>	<b>4,893,977,200</b>	<b>3.48%</b>
<b>UPSTATE</b>							
CDTA	32,129,100	32,129,100	0	0.00%	0	32,129,100	0.00%
CNYRTA	29,328,700	29,328,700	0	0.00%	0	29,328,700	0.00%
RGRTA	35,610,500	33,634,400	1,976,100	5.88%	0	35,610,500	5.88%
NFTA	46,258,800	46,258,800	0	0.00%	0	46,258,800	0.00%
Formula	35,365,000	37,341,100	(1,976,100)	-5.29%	0	35,365,000	-5.29%
Supplemental	1,960,000	1,960,000	0	0.00%	0	1,960,000	0.00%
<b>Upstate Subtotal</b>	<b>180,652,100</b>	<b>180,652,100</b>	<b>0</b>	<b>0.00%</b>	<b>0</b>	<b>180,652,100</b>	<b>0.00%</b>

### Capital Funding

The budget includes \$750 m. in capital funding for the MTA's 2015-2019 capital program. There is no multiyear capital plan for Non-MTA transit systems proposed in the executive budget. The budget again proposes an \$18.5 m capital appropriation for the state matching program and \$18.5 m. for the 100% state share program for Non-MTA transit, the same appropriations as the past several years. There is not sufficient revenue to fund the second \$18.5 m. appropriation for the 100% state program.

The budget again includes a \$5 m. appropriation under New York Works for transit capital projects for systems other than the MTA. Any distribution of these funds may be part of future budget negotiations with the Legislature.

Transit is slated to receive little of the \$5.4 b. in bank settlement funds. While \$1.3 b. is allotted to the Thruway Authority, the only transit investment is \$250 m. for Metro North access to Penn station and four new Metro North stations in the Bronx, and \$150 m. for Transit Oriented Development, intended for Metro North and LIRR park and ride lots in Westchester and Long Island. There is an appropriation of \$115 m. for infrastructure improvements to support “transportation, upstate transit, rail, airport, port or other infrastructure improvements or economic development projects”. The proposed Budget earmarks \$65 m. of this for upstate port improvements and \$50 m. for the state fair.

### Dedicated Fund Cash Flows

The state’s transit investments, both operating and capital, are supported largely by three dedicated fund programs: the Dedicated Mass Transportation Trust Fund (DMTTF); the MTA Financial Assistance Fund (MTAF AF); and, the Mass Transportation Operating Assistance Fund (MTOAF). The projected cash flows projected in the Executive Budget in these three accounts are shown below.

Dedicated Fund Cash Flows 2015-16 Executive Budget (thousands of dollars)							
Fund	DMTTF			MTAF AF		MTOAF	
Account	MTA	MTA Rail	Non-MTA	Mobility	MTA Aid	Upstate	Downstate
Account Number	73.01	73.02	73.03	225.01	225.02	313.01	313.02
Opening Balance	\$47,288	\$9,255	\$1,389	\$930	\$20,482	-\$3,326	\$144,080
<i>Taxes</i>	357,816	64,208	36,676	1,337,000	132,000	77,900	2,084,850
<i>Misc. Receipts</i>	104,044	18,224	11,938	9,600	171,090	0	21,400
<i>Transfers In</i>	48,876	8,772	5,013	335,213	0	14,809	36,500
Total Receipts	510,736	91,204	53,627	1,682,743	303,090	92,709	2,142,750
<i>Local Assistance</i>	511,585	90,427	54,016	1,673,150	303,000	86,306	2,023,192
<i>State Admin Costs</i>	0	0	0	0	0	1,363	4,074
<i>Transfers Out</i>	0	0	0	5,400	225	0	141,548
Total Disbursements	511,585	90,427	54,016	1,678,550	303,225	87,669	2,168,814
Closing Balance	\$46,439	\$10,032	\$1,000	\$5,123	\$20,347	\$1,714	\$118,016

### The highlights include:

- The Non-MTA account of the DMTTF (3% account) has only a \$1 m. opening and closing balance, which would indicate that there is no revenue available to allow distribution of the \$18.5 m. SDF capital appropriation contained in the budget or to increase the funding transferred to STOA.
- The dedicated tax revenues into the upstate account of MTOAF continue to underperform, resulting in the negative opening and closing balances in this account. The continued lack of growth of revenues flowing into this account (especially compared to the downstate account) constrains STOA appropriations to upstate transit systems and requires continued use of Non-MTA DMTTF (capital funds) to support upstate operating assistance.
- The downstate account of MTOAF is in strong financial shape allowing the Executive Budget to propose a transfer of \$121 m. in funds to downstate capital projects as well as the transfer of \$20 m. to pay a portion of debt service on MTA service contract bonds. (Note that \$20 m. from this account was transferred in a similar manner in SFY 2013-14 and \$30 m. in 2014-15.)

### **Dedicated Fund Revenues**

Revenues from most transit dedicated taxes are projected to increase in SFY 2015 and future years, except the PBT which is forecast to decline slowly in the future. Most sources for MTOA that are available only to downstate systems (sales and corporate surcharges) have good growth rates, while the two revenue sources dedicated to upstate (PBT and transmission tax) continue to decline slowly. The decline in the PBT, coupled with the flat forecast for the transmission tax which now supplements upstate funding, will continue to constrain STOA funding to upstate systems well into the future.

### **Article VII Legislation**

Legislation proposed in the budget impacting transit includes:

- Creation of a capital projects fund for downstate transit systems financed from MTOA
- Implementation of Ontario County joining RGRTA
- Extension of the STOA formula hold harmless provision for another year
- Extends the bonding term for municipalities for financing transit buses from 5 to 10 years
- Ability for public authorities to use design-build
- A study by DOH to recommend a pilot program for coordinating various social service transportation

### **Conclusion**

The SFY 2015-16 Executive Budget proposes no increase in transit operating assistance but does provide capital funding to downstate transit systems. The continued lack of growth in the taxes that support upstate transit systems constrains state investment in these systems. NYPTA should continue to advocate for a long-term solution to the upstate structural issue and for additional transit capital investment for all transit systems.