

Analysis of the SFY 2016-17 Executive Budget Funding for Public Transportation

On January 13, 2016, Governor Andrew Cuomo released his SFY 2016-17 Executive Budget. The budget contained recommended appropriations for 2016-17 for transit operating and capital aid, and also included a proposed 5-year capital funding program for Non-MTA transit systems, the first multiyear capital program proposal in many years

Summary

- Total STOA appropriation of \$5.153 b., a \$179 m. increase from 2015-16.
- STOA funding to MTA increases by \$157 m., a 3.5% increase.
- STOA funding to other downstate transit systems increases by \$17.4 m., 6.1% increase.
- STOA funding to upstate transit systems increase by \$5.0 m., a 2.6% increase.
- \$20 m. in capital funding for upstate transit systems, an increase of \$5 m. from 2015-16.
- \$18.5 m. capital appropriation for state omnibus matching program and \$18.5 m. for 100% state share program for Non-MTA transit systems.
- \$5 m. under New York Works for transit capital projects for transit systems other than the MTA.
- Proposes a \$295 m. 5-year (2015-2019) capital program for transit systems other than the MTA.

State Transit Operating Assistance (STOA)

The Executive Budget recommends a total of \$5.153 b. for the STOA program, an increase of \$179 m. (3.6%) from SFY 2015-16 levels.

Downstate transit systems other than the MTA received an additional \$17.4 m. in STOA, a 6.1% increase from 2015-16 levels.

Upstate transit systems received a \$5 m. STOA increase, a 2.6% increase from 2015-16 levels. Revenues flowing into the upstate (PTOA) account are declining, a fact raised by NYPTA for the past several years. The increase in STOA aid to upstate systems was achieved through increased use (an additional \$17 m. in 2016-17) of Dedicated Mass Transportation Trust funds. The increased use of these funds for STOA is made possible by funding upstate transit capital needs through the general state capital projects fund, rather than through the Dedicated Mass Transportation Trust Fund as had been past practice.

The general fund contributions to the STOA program continue at past levels except for a \$10 m. reduction in general funds to upstate systems, which was offset by the greater use of DMTTF cited above. In addition, a general fund contribution of \$309 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 2017 Executive Budget vs FYE 2016 Enacted									
Line Item	FYE 2017	FYE 2016	Change	% Change		FYE 2017	FYE 2016	Change	% Change
	STOA Executive Budget	STOA Enacted	FYE17– FYE16	FYE17-FYE16		Capital Funding	Capital Funding	FYE17– FYE16	FYE17-FYE16
DOWNSTATE									
MTA	\$3,977,107,000	\$3,834,265,100	\$142,841,900	3.73%					
MTA Rail	662,946,000	647,797,500	15,148,500	2.34%					
MTA Toll Subsidy	10,300,000	11,300,000	(1,000,000)	-					
MTA Total	4,650,353,000	4,493,362,600	156,990,400	3.49%					
Rockland	3,365,900	3,172,700	193,200	6.09%		0	193,212	(193,212)	-100.00%
NYC SI Ferry	32,835,300	30,950,500	1,884,800	6.09%		0	1,884,829	(1,884,829)	-100.00%
Westchester	55,112,600	51,949,000	3,163,600	6.09%		0	3,163,599	(3,163,599)	-100.00%
Nassau	66,657,800	62,831,500	3,826,300	6.09%		0	3,826,323	(3,826,323)	-100.00%
Suffolk	25,927,400	24,439,100	1,488,300	6.09%		0	1,488,296	(1,488,296)	-100.00%
NYCDOT	87,747,100	82,710,200	5,036,900	6.09%		0	5,036,899	(5,036,899)	-100.00%
Formula	31,829,100	30,002,000	1,827,100	6.09%		0	1,827,067	(1,827,067)	-100.00%
Supplemental	4,312,000	4,312,000	0	0.00%		0	0	0	
Non-MTA Total	307,787,200	290,367,000	17,420,200	6.00%		0	17,420,225	(17,420,225)	-100.00%
Downstate Subtotal	4,958,140,200	4,783,729,600	174,410,600	3.65%		0	17,420,225	(17,420,225)	-100.00%
UPSTATE									
CDTA	34,826,100	33,927,100	899,000	2.65%		3,596,000	2,697,022	898,978	33.33%
CNYRTA	31,790,300	30,969,700	820,600	2.65%		3,282,600	2,461,947	820,653	33.33%
RGRTA	38,599,900	37,603,500	996,400	2.65%		3,985,700	2,989,262	996,438	33.33%
NFTA	50,142,200	48,847,800	1,294,400	2.65%		5,177,500	3,883,115	1,294,385	33.33%
Formula	38,333,600	37,344,000	989,600	2.65%		3,958,200	2,968,654	989,546	33.33%
Supplemental	1,960,000	1,960,000	0	0.00%		0	0	0	
Upstate Subtotal	195,652,100	190,652,100	5,000,000	2.62%		20,000,000	15,000,000	5,000,000	33.33%
STOA Total	\$5,153,792,300	\$4,974,381,700	\$179,410,600	3.61%		\$20,000,000	\$32,420,225	(\$12,420,225)	-38.31%

Transit Capital Funding

Upstate transit systems receive \$20 m. in capital funding, which continues the \$15 m. received in 2015-16 and adds another \$5 m. This \$20 m. is described as recurring capital funding. The budget retains language allowing upstate capital funds to be used to offset local match.

Downstate transit systems did not get specified capital funding. The \$17.4 m. in capital funding received in 2015-16 is provided as operating assistance in the 2016-17 budget.

The budget again includes 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. This year, however, these two appropriations are funded through the general state capital projects fund and both are included as funding sources for the \$295 m. 5-year non-MTA capital program. This would make the \$18.5 m. 100 % state program available or capital projects annually beginning in 2016-17.

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.

The \$295 million 2015-19 non-MTA capital program proposed in the budget consists of the following funding sources:

- \$185 m. - 5 years (SFY 2015-16 to 2019-20) of the two \$18.5 m. capital appropriations
- \$15 m. – 2015-16 upstate capital appropriation
- \$80 m. – 4 years of the \$20 m. upstate capital appropriation proposed in the budget
- \$15 m. – 3 remaining years of \$5 m. New York Works capital funding for non-MTA transit

Note that NYPTA includes the \$18.5 m. annual state matching program as part of the base funding in determining our 5-year capital funding gap, and not as new funding. Thus, only about \$200 m. of the 5-year funding proposed by the Governor is new funding that would help reduce the over \$500 m. funding shortfall described in our 5-Year Capital Program for Upstate and Downstate Transit.

The budget includes a commitment to provide \$8.3 b. towards the MTA's 2015-2019 capital program.

Dedicated Fund Cash Flows

The state's transit investments, both operating and capital, have been 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 in the Executive Budget in these three accounts are shown below.

FY 2016 Dedicated Fund Cash Flows 2016-17 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	\$38,213	\$6,785	\$17,723	\$19,434	\$7,570	-\$9,212	\$166,421
<i>Taxes</i>	361,771	64,918	37,082	1,331,000	119,000	77,148	2,016,153
<i>Misc. Receipts</i>	105,604	18,504	12,098	100	176,090	0	21,400
<i>Transfers In</i>	48,876	8,772	5,013	334,577	0	14,879	36,500
Total Receipts	516,251	92,194	54,193	1,685,111	295,090	92,027	2,074,053
<i>Local Assistance</i>	514,397	90,923	64,016	1,608,150	290,000	86,306	2,030,192
<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	514,397	90,923	64,016	1,613,550	290,225	87,669	2,175,814
Closing Balance	\$40,067	\$8,056	\$7,900	\$90,995	\$12,435	-\$4,854	\$64,660

The highlights include:

- The Non-MTA account of the DMTTF (3% account) has only a \$7.9 m. closing balance, which would indicate that there is limited ability to increase this appropriation in the future to increase STOA funding.
- 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 condition due to the growth in revenues from several taxes.

Revenues from most transit dedicated taxes are projected to increase in SFY 2016 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 franchise taxes) have good growth rates, while the two revenue sources dedicated to upstate (PBT and transmission tax) do not. 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:

- Legislation committing state and NYC funding of the MTA capital program

Conclusion

The SFY 2016-17 Executive Budget proposes increases in transit operating assistance for both upstate and downstate systems, but at differing growth rates. The continued lack of growth in the taxes that support upstate transit systems constrains state investment in these systems. The proposed move of Non-MTA capital funding from the DMTTF to the state capital projects fund will free-up these dedicated funds to help increase upstate operating assistance, but the lack of growth in this fund will constrain further increases. NYPTA should continue to advocate for a long-term solution to the upstate operating aid structural issue.

The budget proposes \$20 m. in new capital funding to upstate transit systems and proposes a \$295 m. 5-year capital program for non-MTA transit. While this capital funding is appreciated, it does not meet the significant unfunded capital needs of upstate and downstate transit systems. NYPTA will continue to advocate for additional state transit capital investment and an adequate multiyear capital funding plan.