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Testimony of George Sweeting
Deputy Director, New York City Independent Budget Office To the New York City Council Committee
on Transportation
Regarding the State of the New York City Subway System
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Good morning Chairman Rodriguez and members of the Committee on Transportation. My name is George Sweeting and I am the Deputy Director of the New York City Independent Budget Office. Thank you for the opportunity to testify today.

In its recently-released [NYC Subway Action Plan](#) the Metropolitan Transportation Authority (MTA) called for an investment of \$836 million in operating and capital support to stabilize what it called a “system in distress.” This effort, aimed at stabilizing the system, would be followed by a second phase aimed at modernizing the subway and bus system over the longer-term. This second phase would include new signaling systems and subway cars. This portion of the plan is estimated to cost about \$8 billion, which the MTA indicated would be rolled into regular five-year capital planning process.

There has been much debate over who should be responsible for paying for these investments—the state, the city, or some combination of both—although there can be little doubt that residents and businesses in the MTA region already account for the vast majority of MTA revenue through fares, direct taxes and indirectly through state and local subsidies. Most recently the Mayor announced that the city would up its commitment provided the state legislature authorizes a tax increase on city residents to provide the necessary funds, highlighting the city’s lack of fiscal autonomy even as it asked to contribute more.

However, given the historical pattern of spending under the MTA’s capital plans, the issue of when these new investments will actually be made, and when they will begin to benefit subway-riders, is perhaps even less clear than the source of funding. In 2015 IBO published an [analysis](#) of the timing of the funding projects included in each of the MTA’s five-year capital plans in place over the past two decades. We found that much of the work contained in each of the MTA’s capital plans actually winds up being performed after the formal plan period has ended.

For example, IBO found that by the end of 2014, the last year of the MTA’s most recently completed capital plan period, the authority had signed contracts to spend only \$16 billion of the \$22 billion in the 2010-2014 capital program—leaving more than a quarter of the funding uncommitted at the end of the plan period (excluding Hurricane Sandy projects). The actual expenditure of funds, which follows commitments, takes even longer; only 37 percent of funds for the 2010-2014 plan were spent by the end of the plan period.

Because capital spending on particular projects often extends well beyond the formal plan period, in any given year the MTA is executing projects from multiple plans. To take 2014 as an example again, of the \$4.0 billion the MTA spent on capital projects that year, about 76 percent was for projects in the 2010-2014 plan, 20 percent for projects in the 2005-2009 plan and 4 percent for projects in the 2000-2004 plan. There was even a small amount spent that dated back to the 1992-1999 plan.

In addition to lagging commitments, the MTA has also had difficulty delivering projects by their planned completion dates. For many projects, the original planned completion date already fell outside the capital plan period even before delays in spending take place. Not surprisingly, as commitments are delayed or projects encounter obstacles, project completion dates are often missed or postponed.

In [analysis](#) published earlier this summer, IBO reviewed the completion status of MTA signal projects from its past three capital plans. According to MTA data, problems with signals are responsible for 30 percent of major train incidents. All but one of the city's 22 subway lines (the L line) currently function with the block signaling system used since the system's start in 1904. In some parts of the system signal hardware installed in the 1930s is still being used. IBO found that the completion of many signal repairs and other signal work often fall well behind schedule.

Of the 33 signal-related projects in the 2005-2009 and 2010-2014 plans, 23 have been completed. Only 9 were completed on time or ahead of schedule. The other 14 were late with delays for these projects ranging from as little as two months to as much as nearly four years. Of the remaining 10 uncompleted projects, half are currently expected to meet their original deadlines.

In terms of the current 2015-2019 capital plan, 14 signal projects were scheduled to begin by the end of this year. Eight of them are delayed. One project originally scheduled to begin in 2019 has been moved up to 2018. Another six projects have start dates in 2018 and 2019. Only one signal project in the current plan, on the Fulton line, is expected to be completed this year.

One reason that capital projects are delayed is because capital plans are rarely passed on time. Of the six capital plans put into place since the MTA began its capital planning process in the early 1980s, only the first one was actually passed before it was scheduled to begin. The current 2015-2019 capital plan was not approved until late October 2015, although it was supposed to have begun 10 months earlier. The cause of the delay was quite familiar—a dispute between the state and the city over responsibility for filling a funding gap in the plan. In the end, the state ended up agreeing to commit an additional \$8.3 billion and the city an additional \$2.5 billion. The source for much of that money remains unspecified, however, with much of it unlikely to be delivered until after the plan period is over—setting up another round of delays in the funding of individual projects.

If the past is precedent, subway riders could be in for a long wait—something most are growing accustomed to—until the new capital projects meant to modernize the system are actually funded and completed.

Thank you and I'd be happy to answer any questions.