

NYS LEGISLATURE JOINT BUDGET HEARING TESTIMONY
MTA CHAIR AND CEO JANNO LIEBER
JANUARY 24, 2024

Good morning and thank you for having us, especially to Committee Chairs Krueger, Weinstein, Zebrowski, Kennedy and Comrie. I'm Janno Lieber, MTA Chair and CEO. I'm joined by MTA Chief Financial Officer Kevin Willens and NYCT President Rich Davey.

Before we get to today's business, I wanted to share an update on the accidents that happened earlier this month. MTA is cooperating with the National Transportation Safety Board's investigation into the January 4th collision incident at 96th Street on the Upper West Side. I don't want to get ahead of their report, but it appears a series of communication issues was the precipitating cause. Rich is here to answer any questions you may have.

What we know for sure is that this incident is unrelated to the derailment that happened the following week on the F line in Brooklyn. In that case, a track issue caused one train car to come off the rails. Working with our New York City Transit team over the past several weeks, I have confidence these incidents do not signal some larger problem with the system.

We schedule 2.7 million subway trips every year, covering 345 million miles annually. It's been three years since there was a derailment that caused passenger injuries, and 32 years since the last derailment-related fatality. While this track record indicates that MTA subways have a collision every 10 million plus trips, federal stats show automobiles are in accidents every 60,000 trips – about 300 times as frequently.

The system is safe, but we want to be perfect. So, since the F train incident on January 10, we have reevaluated and corrected 75% of track alignment conditions and inspected 1,779 subway cars with similar undercarriage bolt connections.

Now to an update on MTA's financial position. What a difference a year makes. This time in 2023, we were facing an estimated \$2.8 billion deficit that was on track to grow to \$3 billion by 2026. Today, that number is zero, and we are projecting a balanced operating budget through 2027 thanks to Governor Hochul – who, since she took office, has been a huge friend to MTA riders. Probably the most transit-friendly Governor in recent history.

But also because of all of you – the New York State Legislature. On behalf of the MTA and our millions of daily customers, I want to thank you all for setting the bar nationally on what it means to prioritize mass transit.

I know people got tired of hearing me talk about how, for New Yorkers, transit is like “air and water,” but it’s true. The lifeline provided in the 2023 budget has allowed us to not only keep running service but expand it significantly while continuing to invest in the MTA network.

Let me mention some of what we accomplished in the past year.

- Top priority for MTA riders is frequent and reliable service – and we’ve made huge strides on both fronts. Key performance indicators show that subway service is the best it’s been in a decade – and we’re setting even higher performance goals for 2024.

And last year, we improved frequencies on eight subway lines – cutting headways by 20-25% – and there’s more to come this summer.

- The two commuter railroads finished the year with combined on-time performance of 96%. And since the opening of Grand Central Madison almost exactly a year ago, LIRR has been running close to another 300 additional trains per weekday – a 40% increase that includes robust reverse commute service for the first time ever.

To give context to that 300 daily train LIRR service increase, that’s almost the same as the total number of trains NJ TRANSIT runs into Penn Station every day. And we’ve done this while implementing City Ticket, which slashes the cost of LIRR and Metro-North trips within New York City, while also keeping the cost of monthly passes for LIRR and Metro-North commuters below pre-COVID levels.

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- Customer satisfaction with our paratransit service – Access-A-Ride – has risen dramatically, and OTP is so strong, we actually tightened the window for how we determine whether a pickup is on-time from 30 minutes – the federal standard – down to 20 minutes.
- We’ve been making huge progress implementing our historic 2020-2024 Capital Program. We’ve averaged \$9 billion in awards per year, and after awarding over \$11 billion in 2022, we would have achieved \$10 billion last year if not for delays created by pricing lawsuits.
- Equally important, MTA is knocking out capital projects faster, better, and cheaper than ever before – including 25 ADA station completions since 2020. This is four times the pace of past MTAs, and in the first three weeks of 2024, we’ve already opened elevators at three stations – two in Metro-North territory and one subway station at Beach 67th St in Queens. Huge benefit for *all* riders.
- And notably, subway crime is down 10% compared to before the pandemic, with just six major crimes day on average in a system that now serves approximately 4 million daily riders -- almost the same as the population of the City of Los Angeles. Transit crime accounts for just 2% of all crime in New York City.

All of this has helped tremendously in attracting back riders. Paid ridership on the subways is roughly 70% of pre-COVID levels – as I said, around 4 million customers on weekdays – with the weekends having a slightly higher percentage return. Paid bus ridership is over 60% of pre-COVID levels, and it’s about 75% on LIRR and MNR.

But these numbers don’t consider customers who ride without paying the fare, and we know there are many. Indeed, fare and toll evasion represent the biggest threat to our fiscal health going forward. Right now, we’re implementing some recommendations from the Blue-Ribbon panel to make enforcement more equitable, which I fully support.

But if you include these non-paying riders, we're actually closer to 82% of pre-COVID subway ridership.

This ridership rebound is amazing – even improbable – given the advent of hybrid work and other changes brought on by the pandemic. For a while it seemed like some folks might never want to get back into a crowded space. Car sales skyrocketed during COVID. Traffic on MTA Bridges and Tunnels is higher than before COVID. Yet here we are. The Biden Administration has made infrastructure once again a national priority, and New York is leading the way.

And we're determined to keep the positive momentum going by becoming a more efficient and cost-effective agency. Part of the 2023 budget deal with the Governor was that the MTA had to achieve \$400 million in annual cost savings starting this year.

Thanks to some incredible work by our agency presidents, we've actually exceeded that goal already and are on track to reach \$500 million in efficiencies by 2025 – *without layoffs or cutting service*.

So, how are we doing it?

- By ramping up hiring to cut overtime at New York City Transit and by using employee assistance programs, strengthened workers comp management, and new incentive programs to turn around a trend of increased employee absences.
- We're leveraging data and technology to make sure we're inspecting train car and bus components on the most efficient cycle to reduce unplanned maintenance that can disrupt service,
- And we're implementing industry best practices at both commuter railroads to ensure that inventory needed for required maintenance is always available and in the right facilities.

These are all common-sense efficiencies that will go a long way towards maintaining our balanced budget and overall operating budget stability.

And we're reducing costs while – as I said – providing significantly more subway and commuter rail service and operating a new major terminal at Grand Central Madison – and while also implementing increases to bus service as the borough-by-borough bus network redesigns move forward.

But here's the kicker: even with all that extra subway, bus and commuter rail service I've described – all of which is accounted for in our five-year financial plan – in real inflation-adjusted dollars the MTA budget has actually *gone down* by 3% since 2019.

Let me say it again – the MTA is providing a ton more service but spending 3% less than before COVID. That is good government in action. This is a new MTA. We're making good on our commitment to change the way we do business. Growing ridership, improving, and increasing service, reducing costs, pursuing transit equity – these are our priorities.

This commitment to efficiency and equity is also reflected in our work on the capital side. There, taking advantage of innovative project delivery tools like Design Build procurement and by creating a new project management system focused on both empowerment and accountability, we are executing projects on budget and on schedule more than ever before.

It's time to stop talking about the budget problems of East Side Access and other projects begun 3-4 governors back and start judging the MTA by what it's done in recent years – during COVID no less.

- LIRR Third Track \$100 million under budget;
- L train – three months early, and \$100 million under budget;
- 25 ADA projects – across all five boroughs -- opened since 2020; with \$250 million in identified savings;
- LIRR Penn Station concourse – on time and on budget;
- And during the depths of the pandemic, while folks were isolating in their homes, we also rebuilt the entire Times Square-GCT Shuttle;
- and installed OMNY readers on all the turnstiles and buses.

As C & D President Jamie Torres-Springer explained in a press briefing he did two days ago in connection with the award of the first construction contract for Second Avenue Subway Phase 2, we have already squeezed \$1.3 billion dollars in cost out of that mega project, and we're still on the hunt for additional savings.

And even our approach to expanding the transit system reflects this intense focus on equity and cost containment. After decades of unkept promises to the people of East and Central Harlem, we welcome the chance to deliver the Second Avenue subway connection uptown.

But wherever we can, we look for ways to expand the system not by building new tunnels and systems from scratch, but by getting more out of existing infrastructure. This is the strategy underlying the Interborough Express – repurposing an existing but virtually moribund Right of Way to move millions every year directly between Brooklyn and Queens.

This is also the logic of the Penn Access project, which will finally give East Bronx residents fast rail connections by retrofitting Amtrak's underutilized Hellgate line. And it's one of the reasons the Staten Island North Shore BRT – which is mostly along an abandoned rail line – is getting a close look for future capital programs.

Where the Legislature gives us tools to address multiple issues of equity and efficiency, we are going to put them to use. That's what you did when, back in 2019, you made Congestion Pricing the law of the state of New York. You set in motion a program that will at once address the traffic crisis that hurts our economy and slows our ambulances and buses, and also generate resources to provide deliver better mass transit for the 90% of commuters who do take transit.

MTA is doing what's necessary to prepare for congestion pricing. We've already increased service throughout the MTA system and we're far along installing the infrastructure needed to manage the mechanics of tolling.

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We did a 4,000-page four-year-long environmental process including 30-plus hearings and outreach events. And next month we'll begin another set of public hearings on the proposed tolling structure, which will put us in a position to turn on the system in the spring.

That is, barring any further interference from our neighbors in New Jersey and other pro-traffic litigants. Their lawsuits are threatening to slow us down, which would be catastrophic for our Capital Plan. Delays to congestion pricing implementation will push back schedules of important ADA accessibility and signaling projects, including work that's already underway to improve the A and C lines for millions of Brooklyn and Queens residents. So, we're hopeful for a quick resolution.

With your support, the MTA has made huge strides in recent years, but there are always new and big issues facing our agency. Under Governor Hochul's pro-transit leadership and with your support, we will keep tackling them and making improvements. With that, we're happy to take your questions.