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State Funding for the NFTA Reduces Pollution, Fights Poverty, and Promotes Economic Development

Abstract

New York State should support public transit in Buffalo-Niagara by increasing Transit Operating Assistance and increasing the NFTA's allocation of low-cost electric power. There is no more effective tool for reducing pollution, cutting poverty, and promoting economic development than affordable and comprehensive mass transit. In recent years, New York State has been cutting its funding to the NFTA, even as the NFTA's costs have been rising. State funding has been cut by \$4.3 million since 2009, even as workers compensation costs rose 35%, health insurance costs rose 17%, maintenance and repair costs rose over 12%, and total operating costs rose \$7 million per year.

Keywords

Buffalo, Environment, Transit, Economic Development, Poverty/Low Wage Work/Income Inequality, Policy Brief, PPG, PDF

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New York State should support public transit in Buffalo-Niagara by increasing Transit Operating Assistance and increasing the NFTA's allocation of low-cost electric power. There is no more effective tool for reducing pollution, cutting poverty, and promoting economic development than affordable and comprehensive mass transit.

In recent years, New York State has been cutting its funding to the NFTA, even as the NFTA's costs have been rising. State funding has been cut by \$4.3 million since 2009, even as workers compensation costs rose 35%, health insurance costs rose 17%, maintenance and repair costs rose over 12%, and total operating costs rose \$7 million per year.¹

The NFTA is requesting nine megawatts of low-cost power, for a savings of \$1.8 million. Alcoa gets 478 megawatts of low cost power each year from NYPA. JP Morgan Chase receives 24.2 megawatts.

In response, NFTA has requested an increase of \$10 million in Transit Operating Assistance for the 2012-2013 fiscal year, along with eight megawatts of low-cost power from the New York Power Authority

(NYPA), which would bring \$1.8 million per year in savings. Currently the NFTA gets only one megawatt in low cost power and must pay market rate for the other eight megawatts of power it uses. One private company, Alcoa, receives 478 megawatts of power from NYPA each year, in a 30-year subsidy valued at \$56 billion.² The investment bank JP Morgan Chase receives 24.2 megawatts per year.³

Each year, the 108 partner organizations in PPG vote on a Community Agenda for the coming year. The 2012 Community Agenda includes this plank:

Save Buffalo-Niagara Transit

To maintain the current level of service and fare structure for the NFTA transit operations:

- a. New York State should increase Transit Operating Assistance to ensure sustainable operations now and in the future; and*
- b. New York Power Authority should increase the supply of low-cost electric energy to NFTA for transit operations.*

Buffalo-Niagara's economy depends heavily on mass transit, with the NFTA providing 27 million passenger trips per year. Roughly 84% of riders use NFTA to get to work; of these, 77% do not own a car.⁴ Cutting bus routes will worsen the effects of the region's spatial mismatch between jobs and affordable housing and will hinder economic recovery.

Public transit saves families money. Families in large metropolitan areas save \$9,656 per year by taking transit instead of driving.⁵

Public transit saves the environment and reduces dependence on foreign oil. Each year, public transit saves the United States 4.2 billion gallons of gasoline and eliminates 37 million metric tons of carbon dioxide emissions.⁶

New York's Climate Action Plan calls on it to expand public transit in order to save 900 millions of gas by 2030.

Under Executive Order 24, New York State is attempting to reduce its greenhouse gas emissions 80% by 2050. Transportation accounts for over one third of the state's emissions; no climate strategy can succeed without significant investment in public transit; and thus the State's Climate Action Plan calls for the State to "Invest in the maintenance, enhancement, and expansion of public transit systems."⁷ Expanding public transit, as called for by the Plan, would save 900 million gallons of gas by 2030.⁸

Public transit investments create jobs. It is estimated that every \$1.25 billion invested in transportation infrastructure supports 35,000 jobs.⁹

New York needs to help Buffalo improve its bus and light rail system, not simply maintain it. Fellow Rust Belt cities like Pittsburgh and Cleveland have shown that it can be done. A transportation think tank recently ranked Pittsburgh and Cleveland's bus rapid transit lines as two of the top five in the nation. Cleveland's Health Line, with dedicated bus lanes, off-board fare collection, and at-level boarding has created time savings of twelve minutes and increased ridership by 60%, spurring new economic development in the areas served by the Health Line.¹⁰ Pittsburgh has roughly twice the rate of work commuters using public transit as Buffalo.¹¹

Everywhere in the nation, fares and other earned revenue make up a small part of the budgets for transit agencies. As of 2009, the national averages for sources of operating funds were:

- State Governments: 25%
- Local Governments: 23%
- Federal Government: 8%
- Fares: 32%
- Other Direct Revenue: 12%¹²

Part of the NFTA's local funding comes from the Erie County sales tax and mortgage recording tax. One of the NFTA's problems is that local industrial development agencies (IDAs) continue to hand out wasteful exemptions from the

sales tax and mortgage recording tax to projects that simply move businesses around from one part of the region to another or favor one local business at the expense of others. Recent IDA projects include a supermarket and a donut shop in Clarence and a luxury car dealership, a wine store, and three medical offices in Amherst.¹³

Governor Cuomo and his administration have taken a whole new approach to economic development, focusing on regionalism and smart growth, and making a strong commitment to Buffalo-Niagara. Public transit is the backbone of a regional, smart-growth approach.

Car-dominated sprawl is literally killing us. The New York Times recently reported that “an alarmed cadre of public health experts say these expanded metropolitan areas have [fostered] obesity, poor health, social isolation, excessive stress and depression” and that our development pattern is now a “leading cause of death and disability in the twenty first century.”¹⁴

If the NFTA has to cut routes or raise fares, it can only lead to more bad health, more poverty, and more pollution in Western New York. There is no better investment of state money than in making public transit affordable and comprehensive.

¹ Niagara Frontier Transportation Authority, http://www.nfta.com/executive_message.asp.

² James Heaney, “Alcoa cuts deal for low cost power,” Buffalo News, December 22, 2007.

³ New York Power Authority, 2010 Report to the Governor and Legislative Leaders, Exhibit 1

⁴ New York State Transportation Equity Alliance, www.nystea.net

⁵ American Public Transportation Association, www.apta.com

⁶ Ibid.

⁷ New York State Climate Action Council, Interim Report (November 9, 2010), 3-4 and OV-28

⁸ New York State Climate Action Council, Interim Report (November 9, 2010), 5-12

⁹ Ibid.

¹⁰ Institute for Transportation and Development Policy, “Modern and Efficient: Bus Rapid Transit,” www.itdp.org.

¹¹ Matthew Kahn, *Green Cities* (Brookings Institution, 2006), p. 117

¹² American Public Transportation Association, Public Transportation Fact Book 2011, www.apta.com

¹³ Partnership for the Public Good, *Generating Waste: Problems with NYPA and the IDAs and How to Solve Them* (October 2011), www.ppgbuffalo.org

¹⁴ Jane E. Brody, “Communities Learn the Good Life Can Be a Killer,” NY Times, January 31, 2012.