New York City Independent Budget Office

Report Digest

Infrastructure

MTA Capital Plan

In "Gap in MTA Capital Plan Threatens to Further Increase City Contributions," IBO examines the Metropolitan Transportation Authority's (MTA) proposed 2025-2029 Capital Plan and its funding gap, as well as the growing contributions from New York City to support the MTA. The MTA is a **state-controlled entity**, tasked with managing public transportation infrastructure and operations in New York City and surrounding regions, including Long Island, the Hudson Valley, and parts of Connecticut.

Why Does the MTA Capital Plan Matter?

The MTA Capital Plan is a five-year plan to improve and expand the transit system. The Capital Plan funds **critical repairs and upgrades** to ensure safe and reliable service for **millions of New Yorkers**. Without full funding, the MTA may have to defer maintenance on aging infrastructure. These delays would likely lead to more breakdowns and slower service for riders.

The MTA's proposed Capital Plan totals **$68.4 billion**, but only **$35 billion** has been identified–leaving a **$33.4 billion** gap. However, even the identified funds are not all secured.

Why Isn't State and Federal Money Secured?

- **Federal funding is uncertain**–The MTA assumes **$14 billion** from federal grants and funds, but much of this depends on the reauthorization of the **Infrastructure Investment and Jobs Act**, which is subject to political shifts in Washington.

- **State funding remains unresolved**–The MTA has asked for **$4 billion** from New York State, but this must go through budget negotiations in Albany.

How Does the City Currently Fund the MTA?

- **Direct capital funding**–The City is expected to contribute at least $4 billion to the 2025-2029 Capital Plan, a **33% increase** from the previous plan.

- **Operating subsidies**–The City covers a growing portion ($1.4 billion) of the MTA's operating costs, including funding for the MTA Bus Company, Access-A-Ride, free and reduced-fare programs, and the Staten Island Railway.

- **Dedicated taxes**–A significant portion of tax revenue dedicated to the MTA is generated by the City. These taxes include real-estate transfer taxes, the for-hire vehicle surcharge, and other MTA-dedicated revenues.

What Happens Next?

Because the State's Capital Program Review Board rejected the MTA's proposal in December of 2024, the plan cannot proceed unless the funding gaps are addressed. While the City **already provides substantial funding** to the MTA, it does not have the resources to cover the $33.4 billion shortfall on its own. The State **will need to determine how to fund the program**, whether through direct State payments, changes to dedicated taxes, additional MTA borrowing, further contributions from the City, or a combination of the above.

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