

# OCCUPY MBTA

*Today, the Massachusetts Joint Committee on Transportation held a hearing on House Bill 4011, which, among other things, would authorize a one-time transfer from the Motor Vehicle Inspection Fund to the MBTA. The following testimony was submitted on behalf of Occupy MBTA, whose members have been occupying the State House steps since April 4, 2012 to protest the austerity measures in the MBTA's FY 2013 budget and to demand a comprehensive statewide plan for affordable and sustainable transportation that works for the 99%. Occupier Katie Gradowski presented a shorter oral version of this testimony at the hearing.*

April 9, 2012

## **Re: H 4011 – Governor Patrick's Mini Reform Bill**

The Joint Committee on Transportation should support the transfer of \$51 million from the Motor Vehicle Inspection Trust Fund to MassDOT, but it must do more than that for the people of Massachusetts.

The 2013 budget approved by MassDOT kills jobs, makes dozens of service cuts, nearly doubles the fare for seniors, and raises fares as much as 150% for riders with disabilities. Worse, the Governor and the Secretary of Transportation have already publicly declared that this is a one-year solution, and that we will be right back where we are next year, with more hikes, cuts, and layoffs. This is not acceptable governing. We demand better from our public officials.

Over the past several months, the 99% have flooded public meetings and demonstrated to voice their opposition to the MBTA's proposals. They testified, in heartbreaking detail, how the MBTA's proposals will further isolate and marginalize individuals and communities that are already marginalized and isolated. But our pleas have fallen on deaf ears. The MBTA's final proposal features the same toxic mixture of draconian service cuts and unacceptable fare hikes that the people of Massachusetts clearly oppose.

Secretary Davey has repeatedly said that there is public support for fare hikes, but of the 800 public meeting comments analyzed by the MBTA, only 2.5% favored fare hikes. We can't afford a public transit system that only works for 2.5% of riders. We need a solution that works for the 99%. During the public meeting process, over 30 specific proposals were put forward by groups like the T Rider's Union, Mass Senior Action Council, the Massachusetts Area Planning Council, and Save the T. These proposals were ignored in favor of fare hikes that disproportionately target low-income riders, including seniors and riders with disabilities, many if not most of whom lived on fixed incomes.

We are particularly outraged that MBTA and MassDOT refuse to address the issue of toxic interest rate swaps that are costing the agency \$26 million this year – and will cost the T another \$287 million by 2031. This is on top of the tens of millions already lost on these deals over the last decade. In 2008, the Auditor found that these risky financial instruments had cost the T \$55 million from 2000 through 2005 alone. In the years since, these harmful swaps have cost the T at least another \$80 million. At the same time the MBTA is asking riders with disabilities to pay as much as 150% more to use The RIDE, the agency is paying between \$8 million and \$9 million each to three bailed out banks: UBS, Deutsche Bank and JPMorgan Chase. Yet, if the MBTA tries to cancel these swaps, it will have to pay over \$100 million in termination fees to the banks. Given that UBS, Deutsche Bank and JPMorgan Chase were bailed out just 4 years ago with hundreds of billions of taxpayer

dollars, shouldn't these banks be called on to do their part, by renegotiating the terms of these swaps and waiving their termination fees?

The Committee should approve the \$51 million transfer, but it must do much more than that. It must provide the additional funding to stop the devastating fare hikes from taking place on July 1. Fare increases are, in effect, regressive taxes on workers who rely on public transit to get to work, on students who use the T to get to school, and on seniors and riders with disabilities who rely on public transit to get everywhere, including to needed medical care.

After providing the funding to avert these disastrous fare hikes, the Committee must begin the long overdue process of finding a way to fund public transportation adequately throughout the entire state. Let us be clear. The current mess that the MBTA finds itself in – burdened by more debt than any transit agency in the country and plagued with breakdowns, delays, aging vehicles, and maintenance that is chronically behind schedule – is – the direct result of inadequate funding by this Committee and the entire Massachusetts legislature. Forward funding does not provide enough revenue to run a first-class urban transit system, even if the MBTA had not been “born broke,” and saddled with over billions in Big Dig debt.

If the situation is dire here in Boston, it is even worse in the rest of the state. The Regional Transit Authorities are chronically underfunded. Bus riders in Springfield are facing huge fare increases, with no increase in the currently insufficient level of service. It is past time to stop treating the RTAs as an afterthought and develop a comprehensive statewide plan for affordable and sustainable transportation that works for the 99%.

In addition to providing more funding, the Committee should investigate the MBTA's debt. The MBTA spends over one million dollars *every day* on debt service payments. For the last ten years, almost every single dollar collected in fares has been spent on debt service, and it's because the MBTA has the highest debt burden of any transit agency in the country. This is not an acceptable way to run our public transit system. We demand better.

MassDOT's 2013 budget does nothing to solve the debt problem. They don't even appear to be trying. The Governor promised to fix public transit debt when he was elected. That was six years ago, and nothing has changed. It's up to this Committee to investigate who holds the MBTA's debt, where these debt service payments are going and how they can be reduced or eliminated. Can any part of this debt be renegotiated to reduce the principal and the payments? Will banks agree to waive or reduce fees? These are the questions this committee should be asking.

As the Committee develops a statewide transportation plan, it must resist calls to privatize public transit resources. We note with alarm that the new Chief Financial Officer of MassDOT is Dana Levenson, who oversaw the privatization of Chicago's Skyway Toll Road and 4 of that city's parking garages, before going on Royal Bank of Scotland, where he advised governments on how to privatize public assets, and investors on how to buy them. The 99% of Massachusetts will not allow similar privatization to happen here.

Finally, we strongly support the provision of H 4011 that will expand the MassDot board from 5 to 7 members. This provision, however, should be amended so that one of the new board members is an expert advocate for public transportation riders. As the hearing process these past few months clearly demonstrated, riders need more of a voice in the decision-making process at the MBTA.

In sum, we urge the Committee to support the \$51 million transfer, find alternative budget solutions before July 1 to prevent hikes and cuts, and begin working immediately to create a comprehensive, sustainable public transportation plan that adequately funds not just the MBTA, but public transit throughout the Commonwealth.