

# Closing the MTA's Fiscal Cliff: Presentation to the Massachusetts Bay Transportation Authority Board of Directors



March 28, 2024

# In 2022, the MTA Sounded the Alarm on its Fiscal Cliff

**The New York Times**

August 15, 2022

## *The Pandemic Wasn't Supposed to Hurt New York Transit This Much*

New Yorkers fear a repeat of past service cuts as the Metropolitan Transportation Authority faces a \$2.5 billion budget deficit in 2025.

**CRAIN'S NEW YORK BUSINESS**

July 25, 2022 06:32 PM

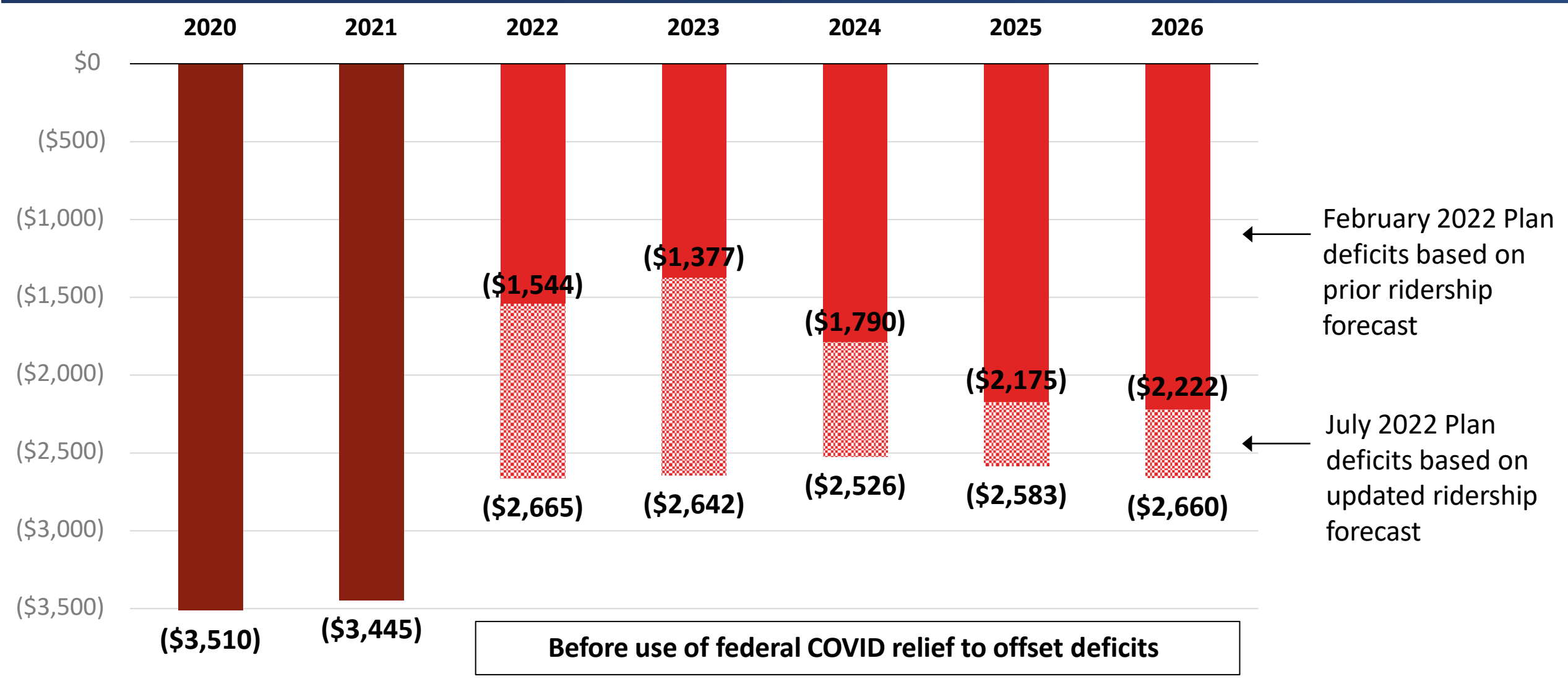
## **MTA hurtles toward a 'fiscal cliff' faster than expected**

**THE  CITY**

July 25, 2022

## **MTA Already Looking Over 'Fiscal Cliff' as Federal Funds Near End of Line**

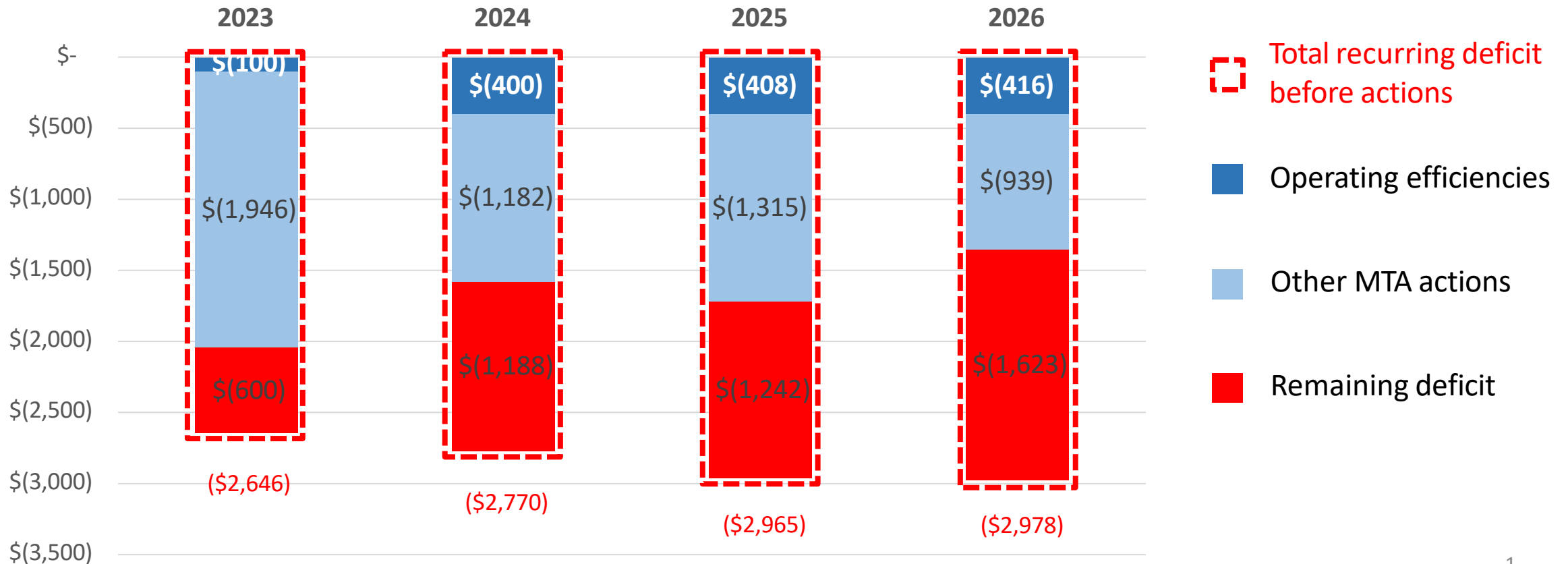
# Revised ridership projections brought the MTA closer to its fiscal cliff



# In 2023, NYS leaders delivered new sources of MTA funding

MTA's approved December 2022 budget included a package of MTA actions to significantly reduce recurring structural operating deficits.

Despite these actions, the operating budget was short \$600M to \$1.6B a year.



# New revenues dedicated to MTA in the State Budget fully addressed remaining deficits

<b>\$1,100 million annually</b>	Increase the top rate of the Payroll Mobility Tax (PMT) for the largest businesses in New York City (from 0.34% to 0.60%)
<b>\$165 million annually</b>	Increase New York City's share of funding for paratransit services to 80% <sup>1</sup>
<b>\$300 million one-time</b>	Provide State General Fund aid to MTA
<b>Expected to start in 2026, \$500 - \$700 million per year</b>	100% of three downstate casino license fees (\$500 mm each) and 40-50% of gaming tax revenue (depending on location)

# Additional service-related funding was also secured

The Budget also included \$150 M a year to offset additional service-related costs

- |                                |  |
|--------------------------------|--|
| <b>(\$65) million annually</b> | Reduce the proposed fare increase from 5.5 percent to 4 percent    |
| <b>(\$35) million annually</b> | Add subway service on weekday middays, weekends and weeknights     |
| <b>(\$35) million annually</b> | Safety and fare enforcement investments                            |
| <b>(\$15) million</b>          | Pilot program providing five fare-free bus routes in New York City |

# The MTA surveyed dedicated taxes of other transit agencies

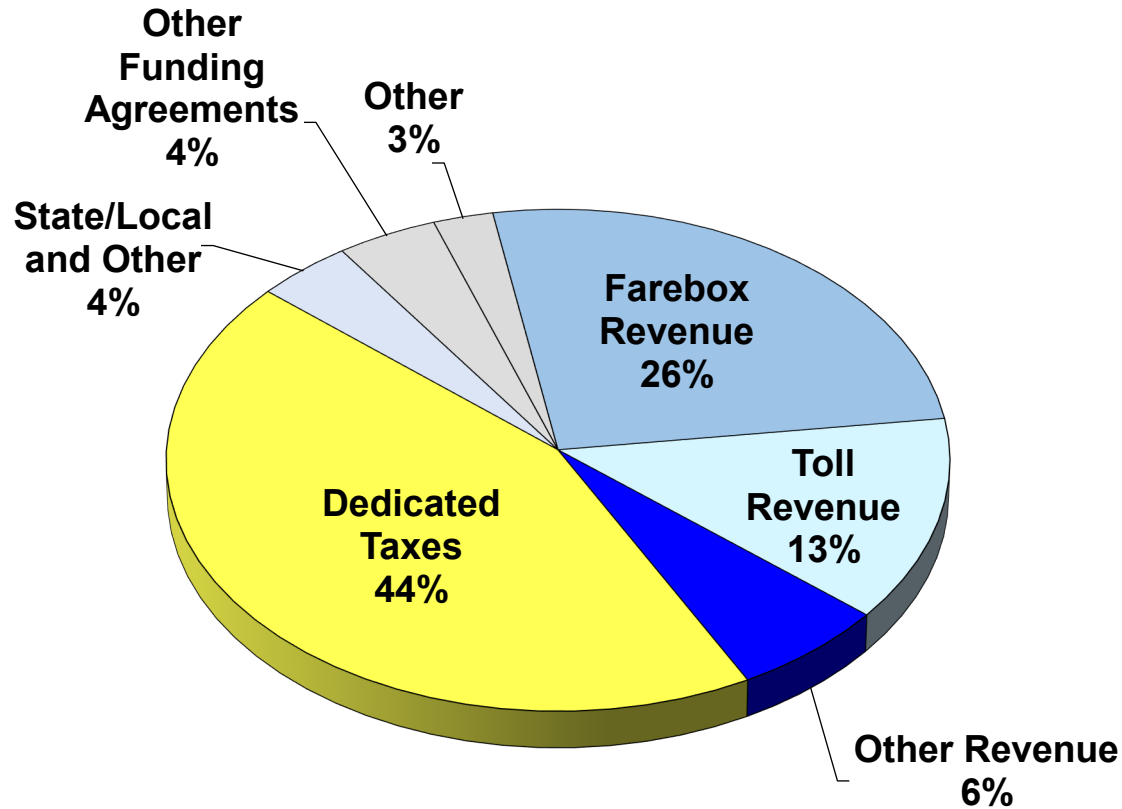
	General Governmental Subsidy	Sales Tax	Motor Vehicle and Fuel Taxes	Real Estate Transaction Taxes	Business Taxes	Payroll Tax	For-Hire Vehicle Surcharge	Low Carbon Programs	Property Tax	Lottery and/or Casino Revenues	Clean Energy Fund	Hotel Occupancy Tax
MTA	✓	✓	✓	✓	✓	✓	✓	✗	✗	✗	✗	✗
Los Angeles County MTA	✓	✓	✓									
Chicago Area (CTA, Metra, and Pace)	✓	✓		✓								
New Jersey Transit	✓		✓							✓	✓	
Massachusetts Bay Transportation Auth.	✓	✓										
Washington Metro Area Transit Auth.	✓											✓
Southeastern Penn. Transportation Auth.	✓	✓										
San Francisco BART	✓	✓						✓	✓			
Houston Metro		✓	✓									
Dallas Area Rapid Transit	✓	✓										
Sound Transit (Seattle, WA)	✓	✓	✓						✓			
MARTA (Atlanta, GA)	✓	✓	✓									
Santa Clara Valley Trans. Auth. (San Jose, CA)	✓	✓	✓					✓				
San Diego Metropolitan Transit System	✓	✓	✓					✓				
Valley Metro Rail / RPTA (Phoenix, AZ)	✓									✓		
VIA Metro Transit (San Antonio, TX)	✓	✓										

Notes: Excludes taxes and subsidies for capital. Also excludes one-time federal aid for COVID-19.

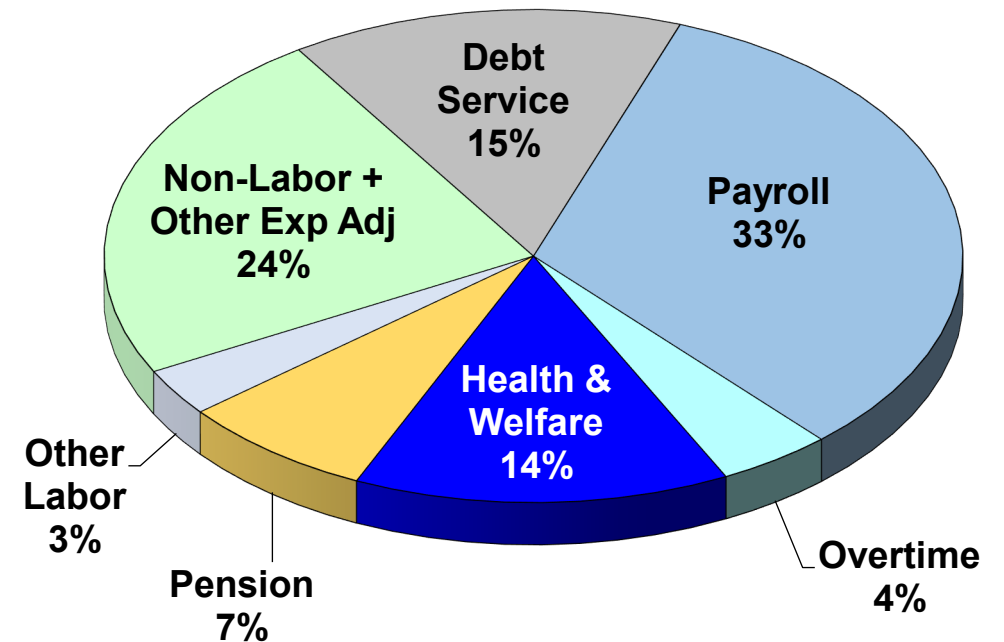
Source: Transit Agency Funding Documents

# The 2024 MTA Budget is \$19.3 billion

*Where the dollars come from...*



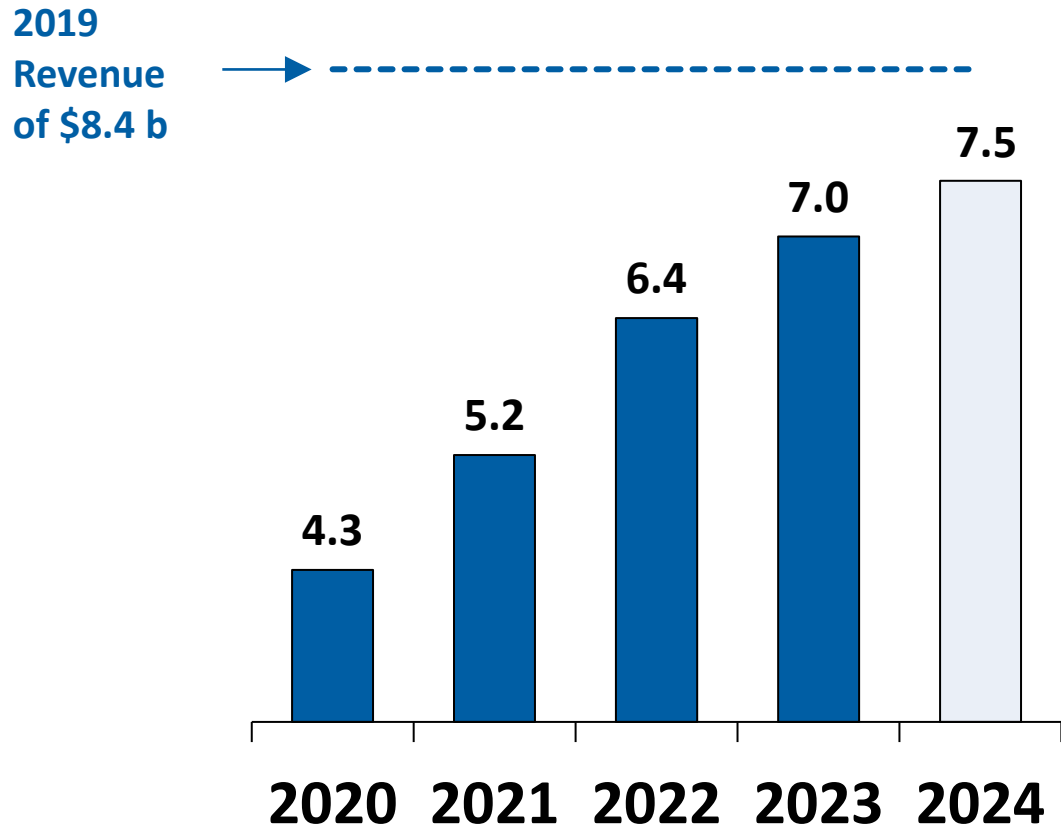
*Where the dollars go...*





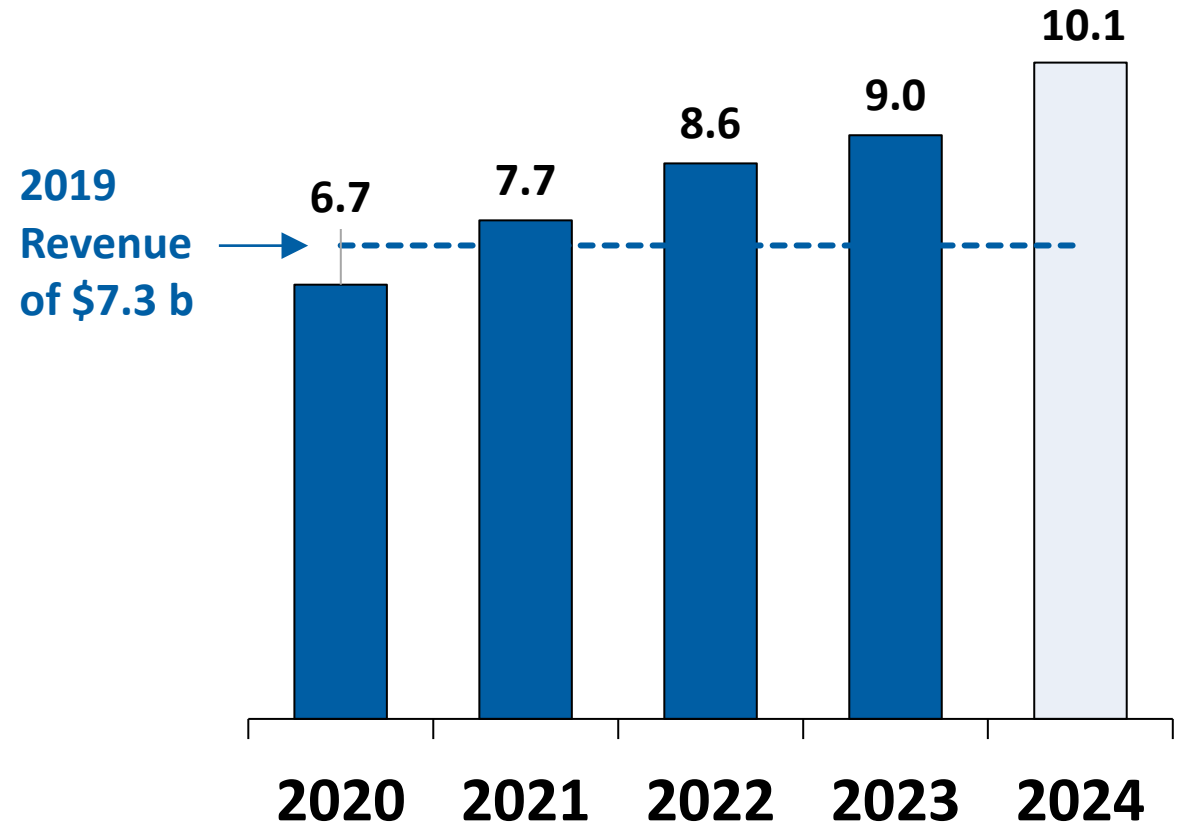
# Revenue Sources Continue to Recover

## Farebox and toll revenue growth since 2020



Fare and toll revenues include impact from fare and toll increases.

## Growth in state and local dedicated taxes and subsidies



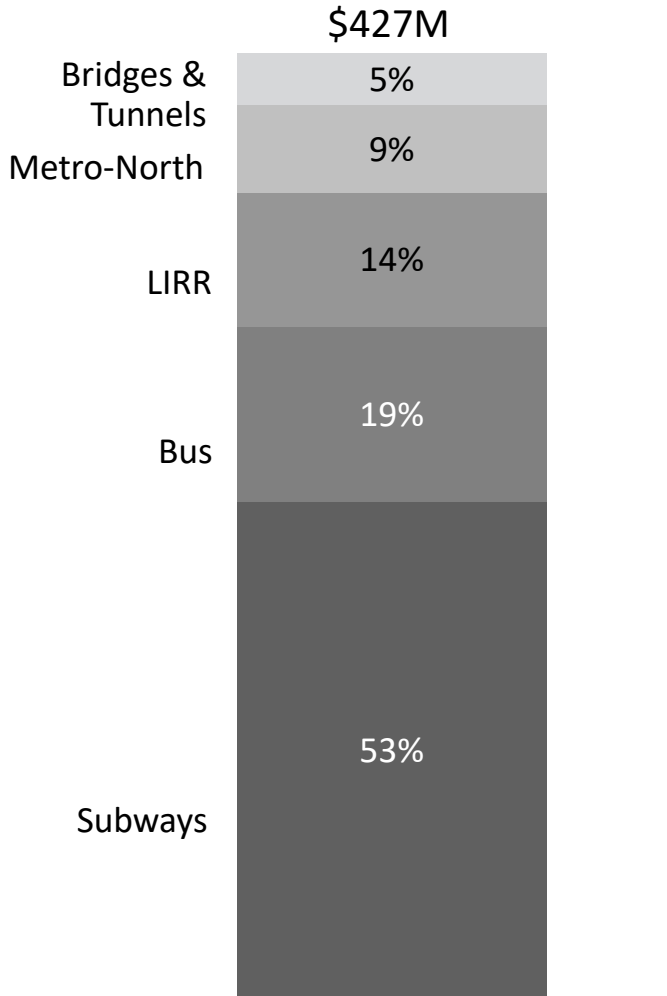
Excludes other non-fare revenue and certain cash adjustments.

## The MTA also committed to operating efficiencies to secure funding

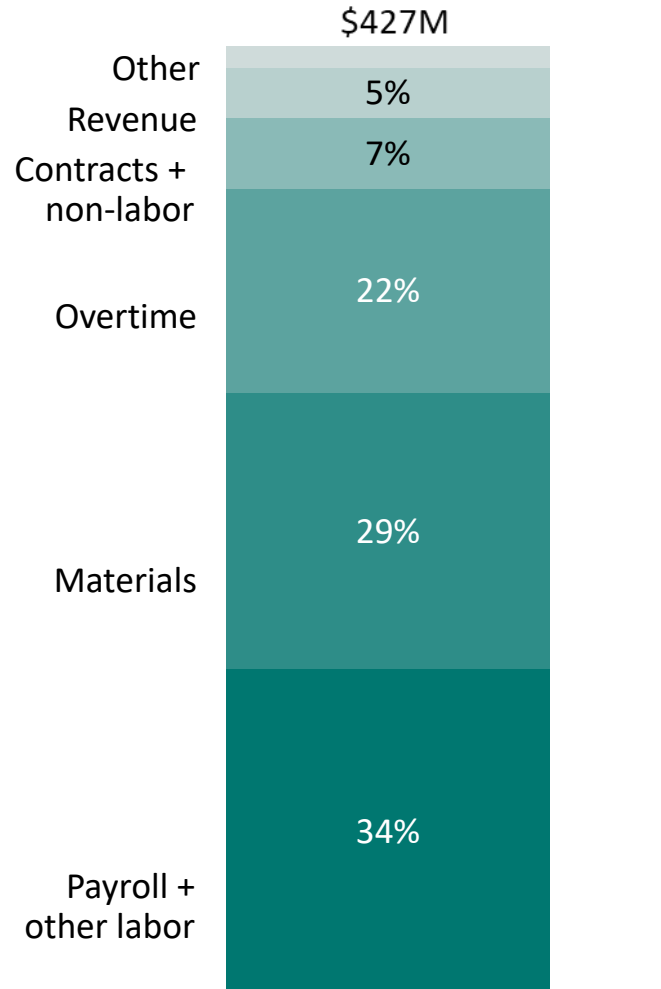
- MTA committed to saving **\$500 million** in recurring operating costs, starting with \$100 million 2023, **\$400 million in 2024**, growing to **\$500 million in 2025**
- **\$427 million in savings** have been identified across operating agencies and incorporated into the proposed 2024 budget
- **MTA identified these operating efficiency initiatives** through detailed analysis and benchmarking

# Categorizing 2024 operating efficiencies

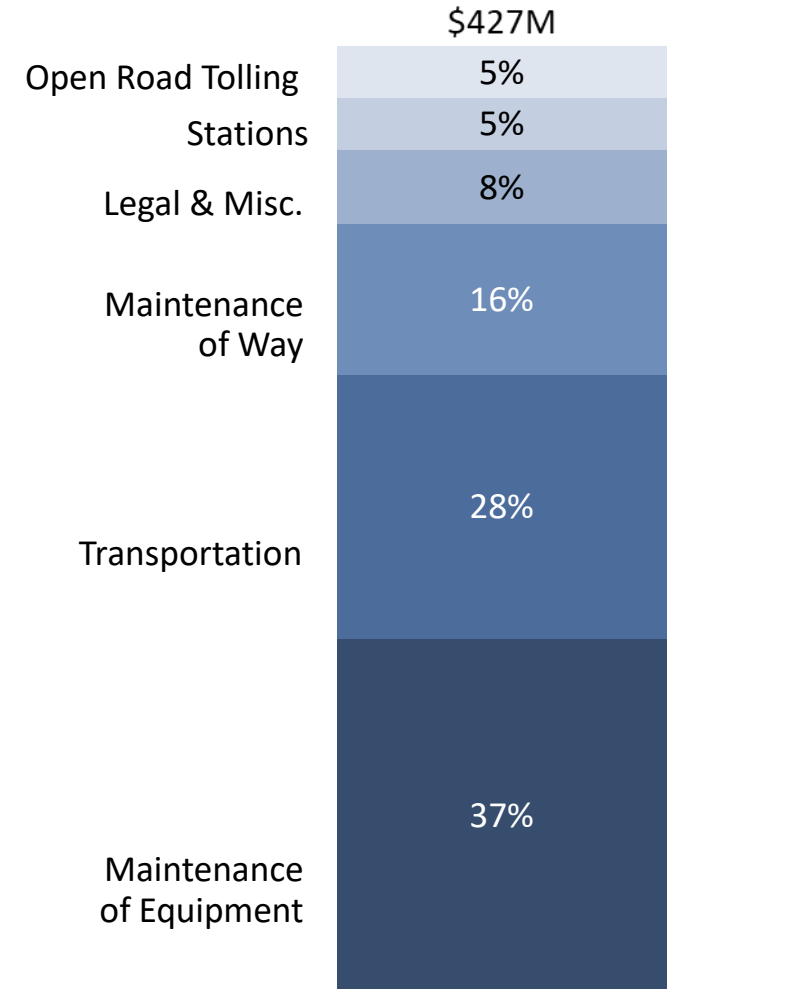
Savings by agency



Savings by spend type



Savings by department



# New York City Transit 2024 Initiatives

Initiative	Description	Annual Impact	Agency
<b>Improve employee availability</b>	Comprehensive effort including recognition for exemplary attendance; expanded employee engagement; and joint working groups with Labor to reduce assaults	\$85M	Subways & Bus
<b>Insource cleaning</b>	Eliminated contract cleaning and hired additional cleaners for stations and cars	\$45M	Subways
<b>Extend railcar overhaul cycles</b>	Adjust scheduled maintenance system cycle program for cars while maintaining reliability	\$38M	Subways
<b>Expand Automated Bus Lane Enforcement (Initial Phase)</b>	Install cameras on 700 additional buses	\$22M	Bus
<b>Optimize overtime utilization</b>	Range of strategies including enforcement of existing timekeeping rules and reduction of overtime in targeted right areas	\$15M	Subways & Bus
<b>Increase energy efficiency</b>	Lower costs and greenhouse gas emissions through efforts including LED lighting and optimizing heating and cooling (e.g., remote boiler monitoring)	\$15M	Subways & Bus
<b>Improve Workers' Comp. processes</b>	Including partnering with third-party administrator to improve care while reducing costs	\$12M	Subways & Bus
<b>Re-evaluate procurement specs</b>	Bring specifications for material purchases in line with business needs	\$11M	Subways
<b>Re-imagine station agent role</b>	Expand role in customer service and increase hourly pay, while reducing net costs by optimizing coverage requirements (e.g., during lunch breaks)	\$6M	Subways
<b>Roll out Bus Predictive Maintenance</b>	Use technology to more efficiently identify maintenance needs, reducing incidents on the road while lowering costs	\$5M	Bus
<b>Subtotal: Top Ten Initiatives</b>		<b>\$263M</b>	
<b>Additional initiatives</b>	16 additional initiatives detailed in financial plan	\$41M	Subways & Bus
<b>Grand Total</b>		<b>\$304M</b>	

# A reimagined fiscal model delivered a balanced budget

New State and City funding, MTA operating savings, and a reasonable fare and toll change, provide a balanced solution to fully address MTA's fiscal cliff

<i>\$ millions</i>	2023	2024	2025	2026
<b>MTA Deficits in Approved Budget (reduced by efficiencies, etc.)</b>	(600)	(1,188)	(1,242)	(1,623)
<b>Additional Service-Related Costs in State Budget Agreement</b>	(75)	(150)	(150)	(150)
<b>Adjusted Deficit to be Funded</b>	<b>(675)</b>	<b>(1,338)</b>	<b>(1,392)</b>	<b>(1,773)</b>
<b>New Government Funding</b>				
PMT Increase to 0.60% in New York City	460	1,100	1,135	1,170
Increase NYC funding for Paratransit	80	165	165	165
Spend-down of one-time direct State subsidy	135	73	92	0
Revenue from casino licenses and taxes	0	0	0	500
<b>Total New Government Funding</b>	<b>675</b>	<b>1,338</b>	<b>1,392</b>	<b>1,835</b>
<b>MTA Revised (Deficit)/Surplus</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>62</b>