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IMMEDIATE

MTA Releases 2008-2011 Preliminary Financial Plan

The Metropolitan Transportation Authority today released its Preliminary Financial Plan for 2008-2011, which kicks off a five-month period of public discussion about the MTA's finances and budget proposals. This process includes public hearings that will be held throughout the MTA's 5,000-square mile region. A final plan will be considered by the MTA Board in December.

The proposed plan aims to address significant and growing budget gaps while maintaining and increasing service to meet the demands of a growing regional economy. The MTA today reported revised budget forecasts that benefit from continued growth in the real estate tax revenues that make up a portion of the agency's funding. In the context of the agency's four-year plan, however, flattening revenues and the impact of uncontrollable costs like debt service, pensions and health and welfare benefits still lead to deficits, forecast to reach \$2 billion in 2011. The plan calls for spreading the MTA's one-time cash surplus across 2008 and 2009, paying down debt and pre-paying pension costs to reduce future deficits. The MTA proposed closing the remaining projected gaps with a series of actions that spreads the responsibility among the MTA's agencies, its labor force and governmental partners. Customers would be asked to contribute through a modest fare and toll increase consistent with growth in consumer prices.

"The proposed plan acknowledges the MTA's responsibility to provide improved service to a rapidly growing city and region," said Elliot G. Sander, MTA Executive Director and CEO. "Instead of immediately spending our cash surplus, we have chosen to use it to pay down debt, stabilize our long-term fiscal outlook and guard against damaging service cuts. We have asked all of our funding partners, including riders, to help close the gap with modest contributions."

Before any gap-closing measures are implemented, the MTA's budget deficits are projected to reach \$965 million in 2008, \$1.425 billion in 2009, \$1.821 billion in 2010, and \$2.087 billion in 2011. In addition to utilizing the cash surplus, the budget gaps are to be filled through contributions from the MTA itself, its employees, governmental partners and customers:

- **MTA agencies:** Each MTA agency will do significant belt-tightening, cutting costs by 1.5% each year, even as ridership continues to grow by leaps and bounds. Anything beyond 1.5% could lead to noticeable service cuts. The agencies are already operating more efficiently: the MTA now has 2.18 employees per 100,000 riders, compared to 3.00 per 100,000 in 1995, a 27% improvement.
- **Labor:** The plan assumes that MTA employees will make a modest contribution through negotiation of new contracts.
- **Government partners:** The proposal includes significant and growing new State revenues. These funds are from State tax re-estimates, pay out of all dedicated fund tax balances, and legislative proposals to tighten up the tax codes. Additional governmental aid of \$600 million beginning in 2010 represents a new and growing revenue source.
- **MTA customers:** The MTA will also be asking its customers to contribute by accepting a modest fare and toll increase designed to yield a 6.5% increase in fare/toll revenue. The increase is designed to keep up with inflation and to avoid the need for much steeper increases and service cuts. The revised fare structure has not been determined, but will be developed and discussed in the coming months. The plan also assumes alternate year fare and toll increases starting in 2010 to keep pace with the growth in consumer prices.

As a result of these and other gap closing actions, the MTA expects to carry a \$323 million surplus into 2009, helping to lower that year's forecast deficit to a manageable \$149 million. Without these measures, budget gaps are expected to grow to more than \$2 billion in 2011, potentially requiring outsized fare increases and service cuts.

To meet the near-term challenges of the 21st century, the MTA will need to offer more, not less, service to the city and the region. The plan provides for both increased service and new initiatives, including almost \$35 million this year to improve the workforce and customer experience through one-time pilot programs.

A number of specific service improvements have been proposed for 2008, and there is a set-aside of \$30 million in 2008 that will grow to \$60 million a year thereafter to supplement service across the MTA family. These funds are proposed to be expended after holding a competition where the MTA seeks the very best ideas from its agency heads. Overall, the plan provides greater value for customers in 2008 and beyond.

Specific service improvements include:

- **NYC Transit**
 - Additional rush hour, weekday off-peak and weekend service on the L Line.
 - Additional evening service on the Nos. 1, 4, 5 and 6, and additional weekend service on the No. 7.
 - Increased Staten Island express bus service on weekends, weekdays, middays and nights, in addition to the new S89 service to Bayonne kicking off this fall.
 - Bus Rapid Transit initiative scheduled to begin with implementation along two routes.
 - Next year, a total of five subway station rehabilitations are scheduled to be completed, all made newly ADA accessible.

- **Metro-North**

- **Hudson Line:** On weekends, additional express service will be provided with three new round-trip trains on Saturdays and two on Sundays.
- **Harlem Line:** The frequency of peak-period service to customers traveling from Hartsdale through Scarsdale stations will be improved. Also a Wassaic shuttle train will be added. In the off-peak, a new round-trip train serving the Upper Harlem will be provided.
- **New Haven Line:** A new off-peak round trip express train will be added for inner New Haven Line customers.
- **Pascack Valley Line:** For the first time, off-peak and weekend service will be added to the line's schedule.

- **Long Island Rail Road**

- **Additional AM Peak Train Service:** Added stops for Hicksville and Merillon Ave stations on the Port Jefferson Branch, and Little Neck, Douglaston and Auburndale stations on the Port Washington Branch.
- **Additional PM Peak Service:** Additional stops at Massapequa, Massapequa Park, Amityville, Copiague, and Lindenhurst on the Babylon Branch; Islip, Great River, and Oakdale stations on the Montauk Branch; and Nostrand Avenue, Locust Manor, and Laurelton on the Far Rockaway Branch.
- **Evening/Weekend Service Improvements:** Added summer weekend Freeport Express Service on the Babylon Branch providing connections to both Jones Beach buses at Freeport, and Montauk trains.
- **Special Events:** Added Service to Shea Stadium, supplementing the limited parking available at the stadium while the new stadium is under construction.

"The Preliminary Financial Plan is a work in progress, and we look forward to engaging with our customers over the next few months in a constructive dialogue," Sander said. "I hope riders will visit the MTA's web site to learn more and weigh in." More information is available at www.mta.info. The complete plan will be online later this week.

[Click here for more information about the MTA Preliminary Financial Plan.](#)