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Press Release

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[MTA Headquarters](#)

IMMEDIATE

### MTA Board Approves 2009 Budget

#### *Fare/Toll Increases and Service Cuts Necessary Unless Commission Recommendations Are Implemented*

The Board of the Metropolitan Transportation Authority (MTA) today approved the agency's budget for 2009, including service cuts and a 23% increase in revenue from fares and tolls. These measures were necessary to balance the budget and close a \$1.2 billion deficit. Agency officials and board members expressed hope that the recommendations of the Commission appointed by Governor Paterson and chaired by Richard Ravitch would be implemented to return the MTA to stable fiscal footing and eliminate the need for these measures.

"Today we fulfilled our requirement to adopt a balanced budget within the constraints of existing resources, and those resources are simply not great enough," said H. Dale Hemmerdinger, MTA Chairman. "Our fervent hope is that available resources will grow in the coming months, so that this budget can be amended before it is implemented."

"I have called this budget draconian, severe, and extremely painful, and it is all of those things," said Elliot G. Sander, MTA Executive Director and CEO. "We are deeply appreciative of Governor Paterson for convening the Ravitch Commission and of the Governor and Mayor Bloomberg for supporting its recommendations. The transit system is the engine that powers the state's economy. Implementing the Ravitch recommendations will secure its future and act as a stimulus bill for New York State, and I hope our legislators will act quickly."

The budget closes a \$1.2 billion deficit caused by plummeting tax revenues, higher fuel costs and elevated debt service obligations. In anticipation of pending deficits, the MTA undertook numerous cost-cutting measures beginning last year, including integration of its three bus companies, consolidation of back office functions and a 6% reduction in controllable costs over four years. With the vast majority of the agency's staff devoted to service, operations and maintenance (only 7 percent are in administration), however, the impact of the recent economic crisis could not be covered without service cuts and fare/toll increases.

To bridge the gap, each MTA agency cut an additional 4.7%, including at least 5% of managerial costs. Proposed service reductions were identified because they could be implemented without compromising safety or security, and still provide MTA customers with alternative options for reaching their destination.

"As bad as the situation is, it would have been worse if not for efficiencies and administrative cuts initiated by the agency presidents and exhaustively reviewed by the Board, which then pushed us even harder to identify more savings," said Sander. "We will pursue these efficiencies no matter what happens with the Ravitch Commission's recommendations."

The remaining deficit was made up by a 23% increase in the revenue yield from fares and tolls beginning in June 2009. This increase is projected to generate approximately \$670 million in 2009. Hearings will be held beginning in January on the fare and toll increases and service cuts as required by law.