MTA Press Releases

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MTA Headquarters IMMEDIATE

MTA Releases November Financial Plan

Internal Cost Savings Help Stabilize Finances, but Risks Remain

The Metropolitan Transportation Authority (MTA) today released its November Financial Plan and Final Proposed Budget for 2012. The November Plan updates a budget process that began with the presentation of a preliminary budget in July and culminates with a vote by the MTA Board in December. The November Plan shows only minor changes to the July Plan with the 2012 and 2013 budgets remaining balanced while out-year deficits have grown but remain manageable. However, risks remain, including continued economic uncertainty and the need for a labor settlement consistent with the budget.

An update was also presented on the MTA's proposed funding plan for the final three years of its 2010-2014 Capital Program. A final capital funding proposal will be considered for approval by the Board in early 2012.

"The MTA has achieved a fragile fiscal stability by reducing expenses and operating more efficiently," said MTA Executive Director Joseph J. Lhota. "It's clear, though, that we're still feeling the impact of the economic crisis and must continue to reduce costs even as we work to improve service."

The four-year Financial Plan assumes $850 million in annual recurring savings by 2015 as a result of MTA management actions begun last year, including reducing administrative payroll expenses, consolidating back office functions, reducing overtime costs, renegotiating contracts with suppliers, reducing the non-revenue vehicle fleet and leased office space, creating paratransit efficiencies, and rebidding the healthcare program. The Financial Plan assumes the implementation of previously announced fare and toll increases in 2013 and 2015 each designed to yield revenue increases of 7.5%. And it assumes that the MTA will achieve $323 million in net zero wage savings for represented employees by 2015. There are no service cuts assumed in the financial plan.

Keeping these assumptions in mind, the MTA outlined a series of potential risks to the Financial Plan:

- Worsening of the economy
- Additional reductions in state subsidies and dedicated taxes
- Expense reductions are not achieved
- Labor settlements fall short of three "net zero" wage initiative
- Funding for 2012-2014 Capital Program still to be approved

The presentation also provided an update on the proposed funding plan for the final three years of the MTA's 2010-2014 program that was presented in July. That plan calls for using revenues already committed to capital in the budget to fund new bonds, and it has three key benefits: it requires no new revenues; it protects the benefits of a Capital program that delivers safety and reliability to the transit system; and it delivers results including jobs and stability in the MTA's Capital Program.

"In the context of the ongoing economic crisis in New York State, this proposal advances our critical capital investments in an affordable way," said Robert Foran, MTA Chief Financial Officer. "It relies on revenues already dedicated to capital expenses and keeps debt service at a manageable level, with the percentage of debt to capital investment the lowest in 15 years."

The full Financial Plan and presentation is available at www.mta.info.